Momentum AM Optimiser Fund

Unitised Funds | Pooled Portfolio Range

30 June 2015

momentum asset management

Core Strategies

Multi-asset

Product profile

The Momentum AM Optimiser is managed under a fully discretionary mandate. It is an actively managed, balanced portfolio that provides exposure to all asset classes. The portfolio adopts a higher risk strategy that aims to maximise long-term capital growth and outperformance. This can potentially lead to higher month-on-month volatility in the short term.

Investment strategy

The investment strategy of this portfolio is based on the Momentum Asset Management "Best Investment View" strategy, which is the collective view of our entire investment team. However, the portfolio manager has the flexibility to deviate from this view within set parameters in order to increase the risk profile and expected return of the fund.

The strategies employed by the portfolio managers may include the following:

- Increased or decreased exposure to select shares as compared to the "Best Investment View"; and
- Varying overall exposure to the allowed asset classes above or below that of the "Best Investment View".

Fund details

Inception	3 August 1998
Minimum investment size	No minimum investment
Termination	30 days written notice
Market value	R 317.90 million

Benchmark

56% Equity, 18% Capital Market, 11% Money Market, 15% Foreign Assets to 31/12/2010; thereafter Peer Weights for Domestic Assets, 15% Foreign Assets to 30/06/2011; thereafter 25% Foreign Assets.

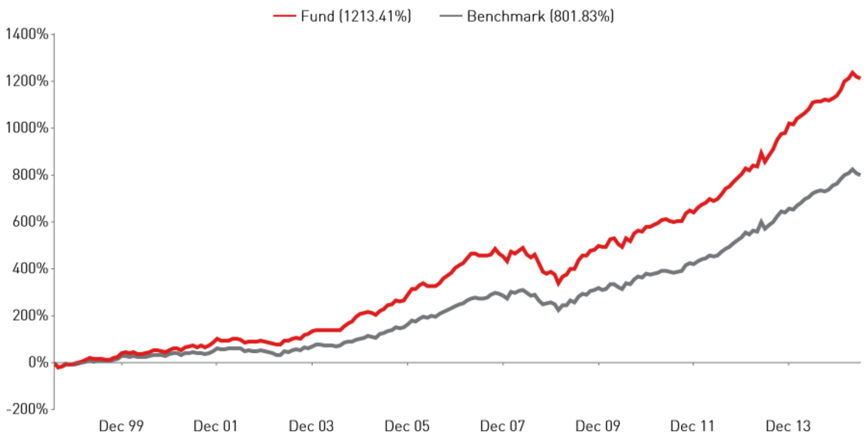
Fund Managers

Patrick Mathidi

BCom (Hons)(Acc), BCompt (Acc), MSc (Fin)

Head of Core Strategies

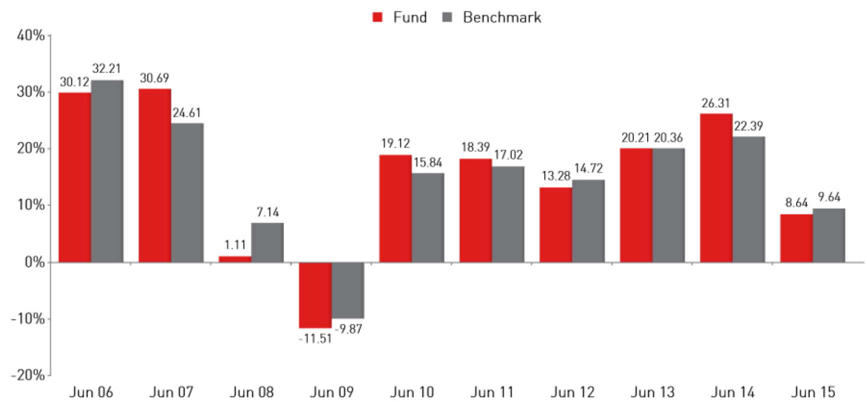
Cumulative performance since inception



Performance – returns (%)

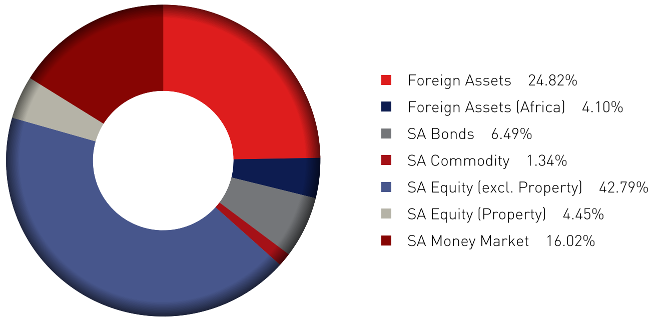
	Fund	Benchmark
Quarter	1.80	0.71
1 year	11.75	12.63
3 years	18.74	17.96
5 years	16.83	16.40
Inception	16.56	13.98

Performance – annual returns (%)



Performance shown is gross and includes all income reinvested, for periods over 1 year the returns are annualised. Source: Momentum Asset Management.

Portfolio composition: asset allocation



Top ten shares

	% of Equity	% of Portfolio
Naspers Ltd	7.45	3.52
Steinhoff International	7.23	3.42
British American Tob PLC	6.88	3.25
Standard Bank Group Ltd	6.26	2.96
Sasol Ltd	6.23	2.94
Mondi Ltd	5.23	2.47
Aspen Pharmacare Holdings	4.94	2.33
SABMiller Plc	4.40	2.08
Old Mutual Plc	4.26	2.01
FirstRand Ltd	3.79	1.79

Quarterly commentary as at 30 June 2015

Global growth dipped over the first quarter of 2015 as fragilities arose in commodity-exporting nations, with the Greek debt crisis weighing on global financial markets across asset classes. Risks of a Greece exit from the Eurozone have escalated, with capital controls being imposed at the time of writing, and an acceptance of austerity by the Greek government still seems the most likely outcome, ultimately, even if it means that a reconfigured government has to sign off on a completely new rescue programme.

Commodities and fixed-income asset classes were the clear underperformers during the second quarter. Better US and European growth prospects and diminishing deflation risk also placed upward pressure on global bond yields during the quarter, adding to the pressure on the SA bond market already emanating from a deteriorating domestic inflation outlook. An arguably overvalued listed property asset class was the clear loser from the local bond market sell-off during the quarter. Cash and inflation-linked bonds were the best-performing asset classes over the second quarter, the latter supported by a turnaround in domestic inflation prospects due to a rebound in the oil price and some rand weakness.

For the quarter ended 30 June 2015, the JSE Top 40 Index was flat, with wide dispersion of individual stock performance: Brait was up almost 50%, following the finalisation of the Steinhoff/Pepkor purchase and their inclusion in the Top 40 Index, followed by Capital & Counties, Mondi and Woolworths, up almost 15% on average. Underperformers included Mediclinic and Sanlam, both down about 15% each, followed by Anglo American and Tiger Brands, both down about 7%.

In South Africa, a number of idiosyncratic risks have exacerbated the slowdown in economic activity. Regulatory uncertainty and weak domestic demand make it difficult for corporates to justify new investment, which will have negative longer-term repercussions for trend growth. Despite domestic equities remaining expensive when compared to their 'own' long-run history and other emerging market peers, against other domestic asset classes, our equities market remains the 'least ugly'.

Contact details

Kevin Milne | Fund Specialist | +27 (0)21 658 7078 | +27 (0)82 900 3407 | kevin.milne@momentum.co.za

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Momentum Asset Management (Pty) Ltd
13th Floor, Tower 2, 102 Rivonia Road, Sandton, 2196. Private Bag X9959, Sandton, 2146.
Telephone +27 (0)11 505 1000 Facsimile AM.Info@momentum.co.za www.momentum.co.za/assetmanagement
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FSP licence number 623 and an approved Retirement Fund Administrator (No. 24/34).
Directors: SC Mabuza, A Nortjé.
Company Secretary: V Mngambi.

+27 (0)11 505 1000 AM.Info@momentum.co.za www.momentum.co.za/assetmanagement @MomentumAM www.youtube.com/MomentumAM