

## Newsletter 6 of 2020

**December 2020**

### HEADLINE NEWS

- Member benefit statements as at 30 June 2020 have been sent to all members through the Human Resource units.
- The asset profile of the Inflation Target Portfolio has been changed to increase the portion managed by specialist asset managers.
- Market-linked investment returns were poor in September and October 2020 due to market movements but recovered strongly in November 2020.
- Investment portfolio fact sheets show useful information for each portfolio.

### DITABAKGOLO

- Ditatamete tša dikholego tša maloko di šetše di rometšwe ka di 30 tša Ngwatobošego 2020 go maloko ka moka.
- Porofaele ya letlotlo la Photefolio ya Tebanyi ya Infoleišene e fetotšwe go oketša karolo yeo e laolwago ke ditsebi tša balaodi ba matlotlo.
- Dipelo tša dipeeletšo tšeo di kgokaganego le mmaraka di be di fokola ka Lewedi le Diphala 2020 eupša tša kaonafala kudu ka Dibatsela 2020.
- Matlakala a dintlha a photefolio ya dipeeletšo a laetša tshedimošo ye e bohlokwa ya photefolio ye nngwe le ye nngwe.

### IZINDABA EZINOHNLONZE

- Izitatimende zemihlomulo yamalungu eziqala ukusebenza ngomhlaka 30 KuNhlanguvana 2020 zithunyelwe kuwo wonke amalungu.
- Iphrofayili yempahla Yephothifoliyo Ebhekiswe Kumanani Emali ishintshiwe ukukhulisa ingxenye ephethwe abaphathi bempahla abangochwepheshe.
- Izimbuyiselo zokutshalwa kwezimali ezixhumene neMakethe bezingezinhle ngoMandulo nangoMfumfu 2020 kodwa zaba ngcono kakhulu ngoLwezi 2020.
- Amaphepha ayiqiniso eminingwane yephothifoliyo yotshalomali akhombisa iminingwane ewusizo yephothifoliyo ngayinye.

### MAHUNGUNKULU

- Switatimende swa mpfuno swa swirho swa kusukela hi 30 Khotavuxika 2020 swi rumeriwile eka swirho hinkwaswo.
- Vuxokoxoko bya rifuwo ra Phothifoliyo ya ku Cincacina ka Xiyimo xa swa Timali byi cinciwile ku engetela xiphemu lexi famfiiswaka hi switokoti swa vamininjhere va rifuwo.
- Mitlheriso ya vuvekisi leyi hlanganaka na timakete a yi tsanile hi Ndzati na Nhlanguva 2020 kambe yi sisimuka hi matimba hi Hukuri 2020.
- Maphepha ya timhaka ta photifoliyo ya vuvekisi ya kombisa mahungu lama pfunaka ya photifoliyo yin'wana na yin'wana.

## BENEFIT STATEMENTS AS AT 30 JUNE 2020

Annual benefit statements showing members their benefits in the Fund as at 30 June 2020 have been distributed to all Fund members with either their September or October 2020 pay slips. If you have not received your benefit statement, please contact your Human Resources department.

Remember that you can see your Fund benefits at any time on the Fund's member website, which can be accessed through following the link: <https://mra.momentum.co.za/momentum/portals/>. Other information, such as the Rules of the Fund and previous Newsletters are also available on the member website.



## REVIEW OF THE INVESTMENT PORTFOLIOS

The Inflation Target Portfolio is a market-linked investment portfolio in which the assets of members are invested until they are approximately age 55½, after which their assets are automatically transitioned into the Stable Portfolio (with a lower weighting to equities) and then from age 59½ to the Capital Protection Portfolio (which is invested in money market assets). These portfolios are designed for members nearing retirement.



Although actual returns each month or year may be more or less than the target return:

- The Inflation Target Portfolio targets to achieve returns that are 5% in excess of inflation each year over rolling measurement periods of 8 years.
- The Stable Portfolio targets to achieve returns that are 3% in excess of inflation each year over rolling measurement periods of 3 years.
- The Capital Protection Portfolio targets to achieve returns that are 1% in excess of inflation over each rolling 12-month period.

### Changes implemented by the Board of Trustees

Based on expert advice from the Fund's investment consultants, the Trustees have revised the strategic asset allocation of the Inflation Target Portfolio and the Stable Portfolio with effect from 1 October 2020, as follows:

	Inflation Target Portfolio		Stable Portfolio	
	Up to 30.9.2020	From 1.10.2020	Up to 30.9.2020	From 1.10.2020
SA equities	45.0%	45.0%	20.0%	20.0%
SA listed property	4.0%	4.0%	3.0%	3.0%
SA nominal bonds	19.0%	13.5%	22.5%	16.0%
SA inflation linked bonds				
Longer-term	-	5.5%	-	6.5%
Short-term	-	5.0%	-	-
SA cash	5.0%	-	33.5%	33.5%
Global equities	19.0%	19.0%	13.0%	13.0%
Global listed property	4.0%	4.0%	4.0%	4.0%
Global bonds	4.0%	4.0%	4.0%	4.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The Trustees have also revised the cash flow allocations for the Inflation Target Portfolio (contributions into the portfolio and lifestage switches and benefit payments out of the portfolio) with effect from 1 October 2020:

	Inflation Target Portfolio	
	Up to 30.9.2020	From 1.10.2020
Allan Gray	30.0%	15.0%
Coronation	30.0%	35.0%
Ninety One (Investec)	25.0%	35.0%
Prudential	15.0%	15.0%
Specialist Portfolio	-	-
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Given the strong performance of the Specialist Portfolio in the Inflation Target Portfolio and the fact that it does not receive cash flows each month and has become underweight relative to the other asset managers, the Trustees transferred approximately R580 million (or 6.2% of the total Inflation Target Portfolio) from the other managers to the Specialist Portfolio at the end of September 2020.

Old Mutual was also appointed to manage a portion of the equities of the Specialist Portfolio on a passive (index-tracking) basis. The assets allocated for management by Old Mutual were funded from the assets transferred into the Specialist Portfolio and by a reduction in the assets managed by First Avenue and Mazi.

### Summary of the asset managers of the Inflation Target Portfolio

The proportion of the assets of the Inflation Target Portfolio managed by each of the asset managers before and after the changes set out in the previous section is as follows:

Asset manager	Before the changes	After the changes
Balanced portfolios:		
Allan Gray	23.9%	22.2%
Coronation	23.7%	22.0%
Ninety One (Investec)	21.7%	19.9%
Prudential	12.0%	11.0%
Specialist Portfolio	18.7%	24.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The Specialist Portfolio is invested with the following asset managers:

Asset sector	Asset manager	Before the changes	After the changes
SA equities	Fairtree	19.3%	14.6%
	First Avenue	11.2%	6.1%
	Mazi	11.8%	6.1%
	Old Mutual	-	15.0%
SA listed property	Sesfikile	1.6%	2.0%
SA Bonds – nominal	Futuregrowth	20.3%	14.2%
SA Bonds – inflation linked	Futuregrowth (longer term bonds)	-	6.1%
	Aluwani (short term bonds)	-	5.2%
SA Cash	Aluwani	5.3%	-
Global assets	Sygnia	30.5%	30.7%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

## INVESTMENT PERFORMANCE

### Fund investment returns since 1 January 2020

South African and global equity markets, and thus the Inflation Target Portfolio (and to a lesser extent the Stable Portfolio), performed poorly in September and October 2020. The markets then recovered strongly in November 2020.



Period	Inflation Target Portfolio	Stable Portfolio	Capital Protection Portfolio
January 2020	0.99%	1.95%	0.78%
February 2020	(4.64%)	(1.95%)	0.57%
March 2020	(11.32%)	(4.33%)	0.58%
April 2020	10.68%	5.85%	0.61%
May 2020	0.95%	1.92%	0.52%
June 2020	3.08%	0.47%	0.47%
July 2020	2.36%	1.12%	0.57%
August 2020	0.97%	1.68%	0.47%
September 2020	(1.97%)	(1.23%)	0.46%
October 2020	(2.42%)	(1.24%)	0.40%
November 2020	7.06%	3.34%	0.44%
<b>1 January 2020 to 30 November 2020</b>	<b>4.10%</b>	<b>7.43%</b>	<b>6.02%</b>

## Fund long-term investment returns

Although the Stable Portfolio and the Capital Protection Portfolio have given higher investment returns than the Inflation Target Portfolio over the last eleven months, it is important for the Trustees to make investment decisions based on investment returns over longer periods. The following table shows that the Inflation Target Portfolio has outperformed the Stable Portfolio and the Capital Protection Portfolio over longer periods.

Period to 30.11.2020	Inflation Target Portfolio (inception 1.9.2005)		Stable Portfolio (inception 1.5.2014)		Capital Protection Portfolio (inception 1.9.2005)	
	Actual per annum	Target: Inflation plus 5% per annum	Actual per annum	Target: Inflation plus 3% per annum	Actual per annum	Target: Inflation plus 1% per annum
Last 12 months	5.84%	8.47%	8.10%	6.47%	6.76%	4.47%
Last 3 years	2.84%	9.07%	6.97%	7.07%	8.06%	5.07%
Last 8 years	9.29%	9.91%	N/A	N/A	7.73%	5.91%
Since inception	11.33%	10.58%	7.44%	7.56%	8.10%	6.58%

Given the nature of each of the three Portfolios, performance is assessed by the Trustees over different periods (eight years for the Inflation Target Portfolio, three years for the Stable Portfolio and one year for the Capital Protection Portfolio) as highlighted in green.

The Stable Portfolio was introduced as part of the review of the three stage life stage model during April 2014. The returns for this portfolio are reported from 1 May 2014, representing the first full month that the portfolio was in existence.

## INVESTMENT PORTFOLIO FACT SHEETS

Attached please find the November 2020 Fact Sheets for each of the Inflation Target Portfolio, the Stable Portfolio and the Capital Protection Portfolio. The Fact Sheets provide investment related information to help members understand the following for each portfolio:

- The investment objective.
- The underlying asset managers and the asset allocation (both locally and internationally).
- The actual investment performance and comparison to each portfolio's investment target.
- The Total Expense Ratio ("TER") of the portfolio, which includes the investment management and transaction costs, which shows the reduction in investment returns due to expenses.

The Fund will distribute the Fact Sheets on a regular basis with the Fund's newsletters. The monthly Fact Sheets are available to members following each month end on the Fund's Member Website which can be accessed through following the link: <https://mra.momentum.co.za/momentum/portals/>. Full details of how to access the website were provided in Newsletter 3 of 2020 (June 2020).

*This Newsletter is issued for the general information of the members of the eJoburg Retirement Fund.*

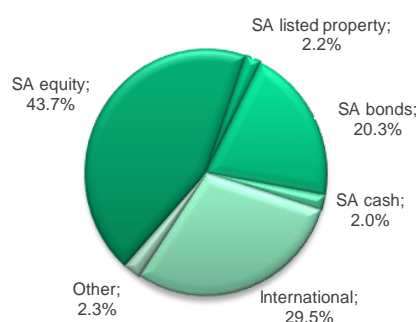
*It is not intended as a substitute for specific legal, financial or other advice in considering the implications for each member's particular circumstances.*

### Investment objective

The Inflation Target Portfolio is a market related portfolio that aims (but does not guarantee) to provide a return that exceeds headline inflation by 5% per annum net of investment manager fees over measurement periods of 8 years. The portfolio is most suitable for members that have a long investment horizon (8 years or more) and who are concerned about managing their inflation risk. As reflected in the asset allocation below, the portfolio has a significant exposure to South African and global equity markets and thus large negative (and positive) returns are possible, particularly over short periods.

### Asset allocation

The typical asset allocation of this portfolio would be to invest 70% to 75% in growth assets (SA and global equities and listed property) and 14% to 30% to fixed interest (mainly bonds). The indicative split of the portfolio between the asset classes (using the asset manager mix) is as per the chart below:



Manager	Product	Allocation
Allan Gray	Global balanced	21.9%
Coronation	Managed portfolio	22.5%
Ninety One	Balanced Fund (global)	20.1%
Prudential	Balanced Fund (global)	11.2%

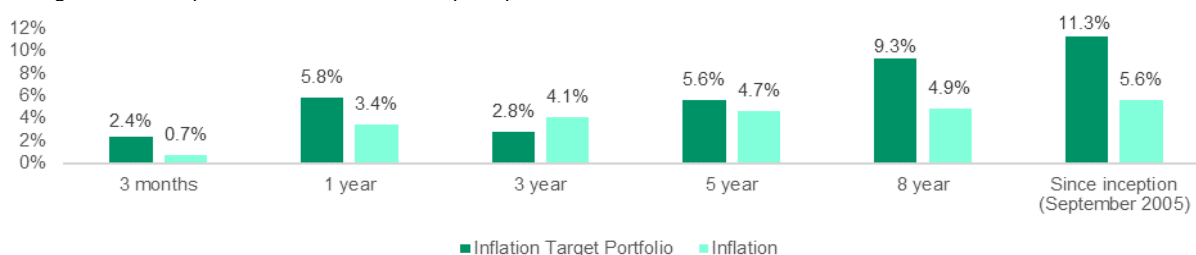
Various specialist managers: SA equity 42.4% (Mazi, First Avenue, Fairtree Capital, Old Mutual); SA listed property 1.9% (Sesfikile); SA bonds 26.2% (Futuregrowth, Aluwani); International 29.5% (Sygnia)

Percentages shown above has been rounded to 1 decimal place and may not add to 100%.

### Illustrative performance (net of all investment costs)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2005</b>	-	-	-	-	-	-	-	-	2.0%	-0.1%	1.0%	4.3%	<b>7.3%</b>
<b>2006</b>	3.8%	-0.5%	4.8%	1.2%	-1.3%	1.5%	0.2%	3.6%	3.8%	3.0%	3.2%	4.3%	<b>31.1%</b>
<b>2007</b>	2.2%	1.1%	3.8%	4.4%	-0.3%	-0.9%	0.3%	0.1%	0.7%	3.8%	-0.9%	-1.6%	<b>13.2%</b>
<b>2008</b>	-4.4%	6.8%	-0.7%	1.0%	1.4%	-5.0%	-1.7%	1.8%	-3.9%	-4.7%	0.3%	2.4%	<b>-7.3%</b>
<b>2009</b>	-0.5%	-7.0%	4.3%	0.2%	5.9%	-1.6%	6.3%	3.5%	0.0%	4.0%	-0.3%	2.0%	<b>17.4%</b>
<b>2010</b>	-0.4%	0.7%	3.2%	1.1%	-2.4%	-1.1%	4.1%	-1.2%	4.1%	1.3%	0.1%	2.6%	<b>12.3%</b>
<b>2011</b>	0.8%	1.3%	0.1%	1.5%	0.5%	-1.3%	-0.3%	0.8%	1.1%	5.1%	0.6%	-0.2%	<b>10.2%</b>
<b>2012</b>	2.6%	1.2%	1.1%	1.0%	-0.3%	0.4%	2.2%	2.5%	1.4%	3.0%	1.6%	1.0%	<b>19.1%</b>
<b>2013</b>	5.1%	-0.4%	2.8%	-0.7%	7.3%	-4.2%	3.1%	2.1%	3.2%	2.6%	-0.1%	2.7%	<b>25.6%</b>
<b>2014</b>	-0.2%	2.3%	1.2%	1.6%	1.7%	1.8%	0.8%	-0.2%	-0.2%	-0.3%	1.3%	0.6%	<b>11.0%</b>
<b>2015</b>	2.3%	2.4%	0.5%	2.6%	-1.1%	-1.2%	1.2%	-0.9%	-0.9%	5.6%	-0.8%	-0.5%	<b>9.3%</b>
<b>2016</b>	-0.9%	1.4%	3.8%	1.4%	2.4%	-3.0%	1.2%	2.0%	-0.7%	-3.0%	0.7%	0.6%	<b>5.8%</b>
<b>2017</b>	2.2%	-0.7%	1.4%	2.2%	0.5%	-1.7%	3.9%	0.9%	0.5%	4.9%	0.0%	-1.9%	<b>12.7%</b>
<b>2018</b>	0.6%	-1.1%	-2.4%	3.8%	-2.1%	2.6%	0.0%	3.5%	-2.7%	-3.0%	-3.5%	1.4%	<b>-3.2%</b>
<b>2019</b>	1.2%	3.3%	1.9%	2.5%	-4.0%	1.8%	-1.2%	0.4%	1.2%	1.8%	-0.8%	1.7%	<b>10.0%</b>
<b>2020</b>	1.0%	-4.6%	-11.3%	10.7%	1.0%	3.1%	2.4%	1.0%	-2.0%	-2.4%	7.1%	-	<b>4.1%</b>

The graph below shows the returns compared to inflation over various measurement periods ended 30 November 2020. The portfolio returns met the target of inflation plus 5% over the since inception period considered.



Returns for periods longer than 1 year are annualized (per annum) whereas returns for shorter periods are for the period. Inflation for prior month is estimated as the geometric average over the last 12 months.

### Total Expense Ratio

Manager fees, including an estimate in respect of trading and administration costs amounts to **0.86%** per annum for the year of 2019.

### Disclosure Statement

There are no capital guarantees for this investment channel and members are reminded that the value of their investments can go down or up. Past performance is not an indication of future performance.

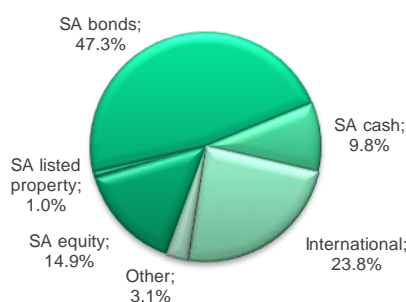
### Investment objective

The Stable Portfolio aims (but does not guarantee) to provide a return that exceeds inflation by 3% per annum (net of investment manager fees) over measurement periods of 3 years. The portfolio will have a lower exposure to South African and global equity markets compared to the Inflation Target Portfolio.

In general the portfolio is most suitable for members who have a medium-term investment horizon (3 to 5 years) and who are concerned about maintaining a balance between earning a reasonable return compared to inflation, whilst at the same time protecting their retirement capital.

### Asset and manager allocation

The typical asset allocation of this portfolio would be to invest 40% to 45% in growth assets (SA and global equities and listed property) and the remainder in bonds and cash. The indicative split of the portfolio between the asset classes (using the asset manager mix) is as per the chart below:



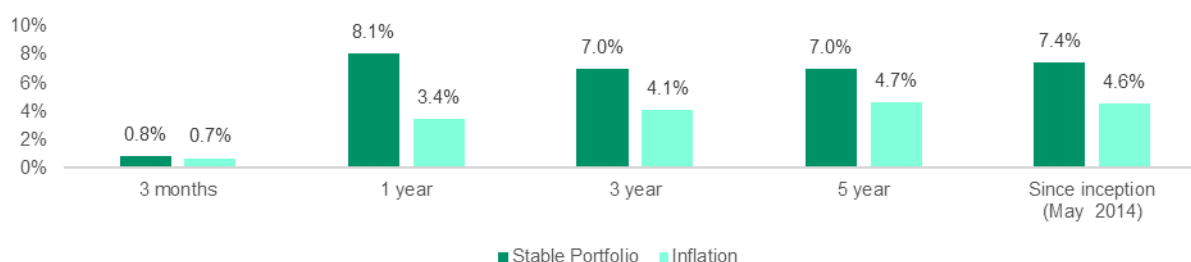
Manager	Product	Allocation
Ninety One	Cautious Managed Fund	51.1%
Coronation	Inflation Plus portfolio	48.9%

Percentages shown above has been rounded to 1 decimal place and may not add to 100%.

### Illustrative performance (net of all investment costs)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2014</b>	-	-	-	-	1.2%	1.2%	0.4%	0.3%	0.0%	0.3%	1.3%	0.3%	<b>5.2%</b>
<b>2015</b>	2.5%	0.9%	0.2%	1.2%	-0.1%	-0.7%	2.1%	-0.4%	0.3%	3.1%	-0.4%	0.0%	<b>8.8%</b>
<b>2016</b>	0.3%	0.5%	1.3%	1.2%	2.3%	-1.4%	0.1%	1.7%	-0.6%	-1.5%	0.5%	0.5%	<b>5.0%</b>
<b>2017</b>	1.0%	0.5%	0.7%	1.5%	1.0%	-0.9%	1.8%	0.3%	1.3%	2.3%	-0.9%	-1.0%	<b>8.0%</b>
<b>2018</b>	0.1%	-0.4%	-0.1%	2.2%	-0.3%	2.4%	0.3%	3.2%	-1.2%	-1.5%	-1.0%	0.0%	<b>3.7%</b>
<b>2019</b>	1.3%	2.5%	1.8%	1.8%	-1.3%	1.1%	0.4%	1.2%	0.5%	0.9%	-0.4%	0.6%	<b>11.0%</b>
<b>2020</b>	2.0%	-2.0%	-4.3%	5.9%	1.9%	0.5%	1.1%	1.7%	-1.2%	-1.2%	3.3%	-	<b>7.4%</b>

The graph below shows the returns compared to inflation over various measurement periods ended 30 November 2020. The portfolio returns met the target of inflation plus 3% over the 1-year period considered.



Returns for periods longer than 1 year are annualized (per annum) whereas returns for shorter periods are for the period. Inflation for prior month is estimated as the geometric average over the last 12 months.

### Total Expense Ratio

Manager fees, including an estimate in respect of trading and administration costs amounts to **0.71%** per annum for the year of 2019.

### Disclosure Statement

There are no capital guarantees for this investment channel and members are reminded that the value of their investments can go down or up. Past performance is not an indication of future performance.

### Investment objective

The Capital Protection Portfolio aims (but does not guarantee) to provide a return of 1.0% per annum in excess of headline inflation net of investment manager fees over measurement periods of one year.

This portfolio is invested in high quality credit cash and other money market instruments and is expected to provide a return broadly similar to that of high quality money market instruments (i.e. the portfolio targets positive returns and very low volatility of returns). The level of return is not guaranteed and will depend inter alia on the performance of the investment manager of the portfolio.

In general the portfolio is most suitable for members with a short investment horizon (under 2 years) who require a high level of certainty of a reasonable level of return and very low risk of negative returns.

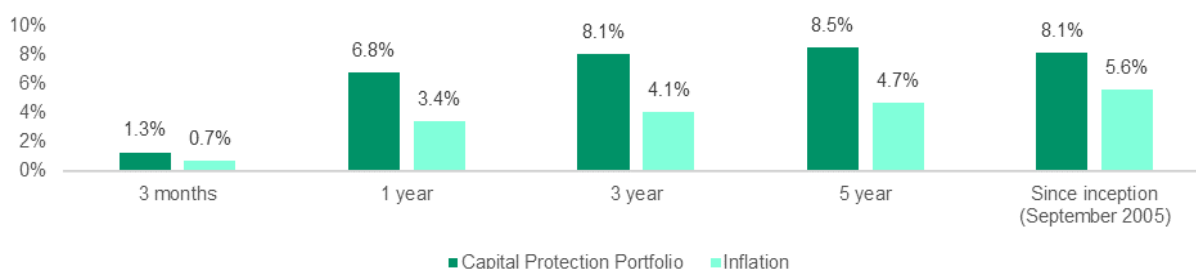
### Asset and manager allocation

The portfolio will allocate 100% to South African money market assets. The appointed fund manager is Aluwani Capital.

### Illustrative performance (net of all investment costs)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2005</b>	-	-	-	-	-	-	-	-	0.5%	0.5%	0.5%	0.5%	<b>2.0%</b>
<b>2006</b>	0.5%	0.5%	0.6%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.7%	0.6%	0.7%	<b>7.0%</b>
<b>2007</b>	0.7%	0.6%	0.8%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%	<b>9.8%</b>
<b>2008</b>	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.1%	1.0%	1.1%	1.0%	1.0%	<b>12.5%</b>
<b>2009</b>	1.1%	0.9%	0.9%	0.9%	0.8%	0.7%	0.7%	0.7%	0.6%	0.7%	0.7%	0.7%	<b>9.8%</b>
<b>2010</b>	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	<b>7.9%</b>
<b>2011</b>	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	0.6%	0.5%	0.5%	<b>6.8%</b>
<b>2012</b>	0.6%	0.5%	0.5%	0.6%	0.5%	0.6%	0.6%	0.5%	0.5%	0.5%	0.4%	0.5%	<b>6.6%</b>
<b>2013</b>	0.5%	0.5%	0.4%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	<b>6.0%</b>
<b>2014</b>	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.3%	0.6%	0.6%	0.5%	0.6%	<b>6.4%</b>
<b>2015</b>	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	0.6%	0.6%	0.4%	<b>7.0%</b>
<b>2016</b>	0.8%	0.7%	0.7%	0.8%	0.8%	0.7%	0.7%	0.8%	0.6%	0.8%	0.7%	0.5%	<b>8.9%</b>
<b>2017</b>	1.0%	0.8%	0.9%	0.7%	0.9%	0.7%	0.7%	0.8%	0.6%	0.8%	0.6%	0.6%	<b>9.4%</b>
<b>2018</b>	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.7%	0.6%	0.8%	0.7%	0.7%	<b>9.1%</b>
<b>2019</b>	0.7%	0.6%	0.7%	0.7%	0.7%	0.6%	0.8%	0.7%	0.7%	0.7%	0.6%	0.7%	<b>8.5%</b>
<b>2020</b>	0.8%	0.6%	0.6%	0.6%	0.5%	0.5%	0.6%	0.5%	0.5%	0.4%	0.4%	-	<b>6.0%</b>

The graph below shows the returns compared to inflation over various measurement periods ended 30 November 2020. The portfolio returns met the target of inflation plus 1% over all measurement periods.



Returns for periods longer than 1 year are annualized (per annum) whereas returns for shorter periods are for the period. Inflation for prior month is estimated as the geometric average over the last 12 months.

### Total Expense Ratio

Manager fees, including an estimate in respect of trading and administration costs amounts to **0.15%** per annum for the year of 2019.

### Disclosure Statement

There are no capital guarantees for this investment channel and members are reminded that the value of their investments can go down or up. Past performance is not an indication of future performance.