

# Equilibrium Global Cautious Portfolio

month ended 31 October 2024



## Managed portfolio details

Investment manager: <b>Equilibrium Investment Management</b>	Platform availability: <b>Momentum Wealth</b>	Reporting currency: <b>ZAR</b>
Inception date: <b>01 January 2019</b>	Investment timeframe: <b>3 years +</b>	Investment manager fee: <b>0.25%</b>
Investment target: <b>Global Cash<sup>1</sup> +2.5% + ZAR/USD movement</b>	Peer group: <b>Morningstar Cautious Allocation<sup>2</sup></b>	Total investment charges (TIC) <sup>3</sup> : <b>0.62%</b>

## Investment objective

The portfolio is designed to offer capital preservation with some opportunity for capital appreciation over the medium term through investment in a diversified range of international asset classes and currencies.

## Risk appetite

The portfolio is ideally suited to investors with a low risk tolerance with an investment horizon of 3 years or longer.



## Investment policy

The portfolio will invest primarily in participatory interests of collective investment schemes or other similar schemes whose underlying portfolios provide exposure to a diversified portfolio of investments across a broad range of asset classes, currencies and market sectors, in varying proportions over time. These asset classes include cash, equity, fixed income, money market instruments, property, and commodities. Asset allocation portfolios that provide an exposure to a combination of these asset classes may also qualify for inclusion in the portfolio. All holdings must be approved by the Financial Sector Conduct Authority in South Africa.

## Holdings

Holding	Asset type	Weight
<b>Equity</b>		<b>28.0%</b>
Robeco Multi-Factor Global Equity <sup>i</sup>	Global equity	11.5%
Morgan Stanley Global Sustain <sup>i</sup>	Global equity	3.7%
Jennison Global Equity Opportunities <sup>i</sup>	Global equity	3.4%
Sands Capital Emerging Markets Growth	Emerging market equity	1.8%
Fidelity Emerging Markets	Emerging market equity	1.8%
Hotchkis & Wiley Global Value <sup>i</sup>	Global equity	1.3%
Artisan Global Value <sup>i</sup>	Global equity	1.2%
Paradise Global SMID Cap <sup>i</sup>	Global equity	1.0%
Granahan US Focused Growth <sup>i</sup>	US equity	0.7%
Contrarius Global Equity <sup>i</sup>	Global equity	0.7%
Rainier International SMID Cap Growth <sup>i</sup>	Global equity	0.6%
Morant Wright Fuji Yield <sup>i</sup>	Japan equity	0.3%
<b>Fixed income</b>		<b>60.0%</b>
iShares Global Government Bond	Government bonds	20.0%
Dodge & Cox Global Bond	Aggregate bonds	20.0%
Coronation Global Strategic Income	Strategic bonds	10.0%
STANLIB Global Bond	Aggregate bonds	10.0%
<b>Property</b>		<b>1.8%</b>
Catalyst Global Real Estate	Listed property	1.8%
<b>Commodities</b>		<b>4.0%</b>
Ninety One Global Gold	Gold & gold miners	4.0%
<b>Cash &amp; money market</b>		<b>6.2%</b>
Ninety One US Dollar Money	Money market	6.2%

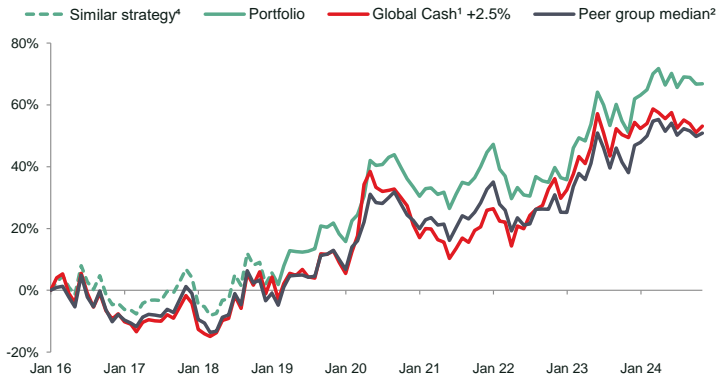
<sup>i</sup> Indirectly held in the Momentum GF Global Equity Fund

## Top 10 underlying security holdings (on a look-through basis)

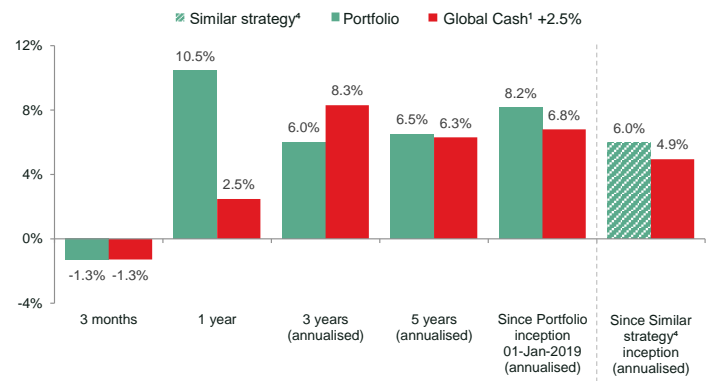
Underlying holding	Weight
Microsoft Corporation	0.8%
Apple Inc	0.7%
NVIDIA Corporation	0.7%
Alphabet Inc A	0.4%
Meta Platforms Inc A	0.4%
Taiwan Semiconductor Manufacturing Co Ltd Sponsored ADR	0.4%
MercadoLibre Inc	0.4%
Amazon.com Inc	0.3%
Progressive Corporation	0.3%
Tencent Holdings Ltd	0.2%

Data as at 30.09.2024, updated quarterly. The Portfolio is exposed to securities such as stocks and bonds via the underlying collective investment schemes (CISs) in which it invests. The table shows the 10 biggest stock positions the Portfolio is exposed to, and is calculated by aggregating the stocks held by each of the underlying CISs.

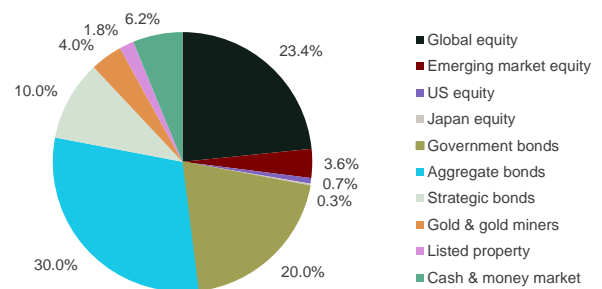
## Cumulative returns



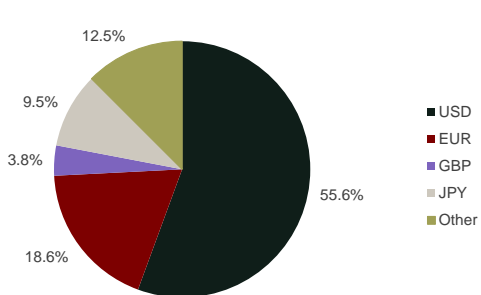
## Portfolio performance



## Strategy allocation<sup>5</sup>



## Currency allocation



Sources: Momentum Global Investment Management, Morningstar. Past performance is not indicative of future returns.

<sup>1</sup> Global Cash comprises two components: i) prior to 01.01.2022 Global Cash was a composite of 50% ICE LIBOR 3M USD; 25% ICE LIBOR 3M EUR; 10% ICE LIBOR 3M GBP; 15% ICE LIBOR 3M JPY; ii) from 01.01.2022 to present Global Cash is a composite of 50% ICE BoA 3M US Treasury Bill Index; 25% ICE BoA 3M German Treasury Bill Index; 10% ICE BoA 3M Sterling Government Bill Index; 15% ICE BofA Japan Treasury Bill Index.

<sup>2</sup> Peer group is Morningstar Global Category: Cautious Allocation. Filtered for: i) share class = Oldest; ii) registered for sale = South Africa; iii) domicile ≠ South Africa; iv) investment area = Global.

<sup>3</sup> This is an estimated TIC based on the weighted average of the collective investment schemes (CIS) in which the Portfolio invests. The TIC has been calculated using the latest available data from Morningstar.

<sup>4</sup> Performance figures prior to the inception date of the Portfolio (shown dotted/striped green) correspond to a similar strategy managed by the same investment team since 01.01.2016. This strategy has the same investment objective and investment restrictions as the Portfolio. The Portfolio's live track record began on 01.01.2019 (shown in solid green).

<sup>5</sup> Strategy allocation figures reflect the classification of the CISs (or similar schemes) held by the Portfolio and look through to the underlying holdings of such schemes.



## ■ Market commentary

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In October, the most significant market shift was a substantial rise in bond yields, reversing much of the decline seen in Q3. Following the Fed's 50bps rate cut on September 18th, the 10-year Treasury yield, which had fallen to 3.7%, rose by almost 60bps by the end of October, reaching around 4.3%. This increase continued post-election, nearing 4.5%. Expectations for future rate cuts also changed significantly, with the Fed Funds rate now projected to be 3.78% by the end of 2025, up from 2.78% in mid-September.

Consequently, bonds had a poor month, with US Treasuries returning -2.3% and the JPM global government bond index -3.8%. Equities also faced challenges, with the MSCI World index of developed market equities down -2.0% and MSCI emerging markets down -4.4%. A strong dollar, up 3.2% on a trade-weighted basis, further impacted returns, particularly for emerging markets. Gold was a notable exception, rising by 4.2%.

The US economy continued to show strength, with Q3 GDP growing at an annualised rate of 2.8%. Labour market data was mixed but generally indicated resilience. This economic strength led the Fed to push back against market expectations for aggressive rate cuts.

Outside the US, the ECB made its second 25bps rate cut of the cycle, responding to a fall in Euro Area CPI to 1.7% in September and ongoing weakness in the manufacturing sector. In Japan, political uncertainty arose after the ruling coalition lost its majority in a snap election. And in the UK, the Labour government's first budget introduced significant tax increases and public spending, raising inflation risks and bond yields.

Overall, while the US showed economic resilience, high tax and regulatory regimes in Europe and the UK continued to stifle growth. Our investment strategy remains cautiously constructive, with plans to add to risk assets during periods of market weakness.

Source: Bloomberg Finance LP, Momentum Global Investment Management Limited.

## ■ Risk warnings and important notes

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The launch date is the start date of the portfolio. Returns before this date are back tested using the portfolio's fund holdings and published returns for these as at the date of launch date, which would not reflect Equilibrium's historic asset allocation views, or any changes, which would have been made to the portfolio's holdings over time. From the launch date, returns are based on the published returns for the portfolio's fund holdings and any changes which are made to these. All returns are calculated on a total return basis after the deduction of all fees. Returns for periods exceeding one year are annualised. All returns are quoted in US dollars, unless otherwise stated. Total investment charges (TIC) are the sum of a fund's total expense ratio (TER) and the transaction costs (TC). The portfolio's TIC is an estimated total for the portfolio based on the weighted average of the underlying funds in which the portfolio invests using the latest available data. If a TIC is not available, we may use the TER, which is the TIC excluding transaction costs. Where neither a TIC nor a TER is available, we may use the investment manager's ongoing fee.

The portfolio's asset allocation is based on the weighted average of the underlying funds in which the portfolio invests using the latest available data. The portfolio's asset allocation may differ from time to time due to market movements, changes to the portfolio and the underlying fund data and limitations. The underlying funds will contain exposure to assets that are invested globally, which may present additional risks. The value of an investor's investment and the income arising from it will therefore be subject to exchange rate fluctuations. Foreign securities may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. The portfolio may also invest in funds which do not permit daily dealing. Investments in such funds will only be realisable on their dealing days. It is not possible to assess the proper market price of these investments, other than on the fund's dealing days. Higher risk investments may be subject to sudden and larger falls in value in comparison to other investments. Higher risk investments include, but are not limited to, investments in smaller companies (even in developed markets), investments in emerging markets or single country debt or equity funds and investments in high yield or non-investment grade debt. Individual investor returns may differ as a result of platform and adviser fees, the actual investment date, cash flows and other transactions.

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