

# Equilibrium Global Cautious Portfolio

month ended 31 December 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>0.61%</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>27.9%</b>
Robeco Multi-Factor Global Equity <sup>i</sup>	Global equity	10.0%
Morgan Stanley Global Sustain <sup>i</sup>	Global equity	4.1%
Jennison Global Equity Opportunities <sup>i</sup>	Global equity	3.6%
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	1.4%
Artisan Global Value <sup>i</sup>	Global equity	1.4%
Paradise Global SMID Cap <sup>i</sup>	Global equity	1.1%
Granahan US Focused Growth <sup>i</sup>	US equity	0.9%
Contrarius Global Equity <sup>i</sup>	Global equity	0.8%
Rainier International SMID Cap Growth <sup>i</sup>	Global equity	0.7%
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>6.3%</b>
Ninety One US Dollar Money	Money market	6.3%

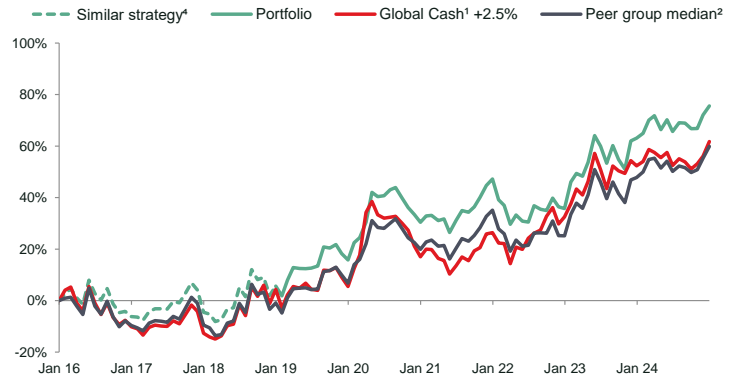
<sup>i</sup> Indirectly held in the Momentum GF Global Equity Fund

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

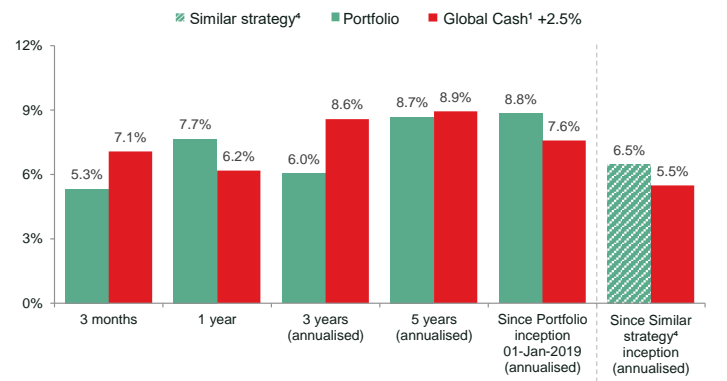
Underlying holding	Weight
NVIDIA Corporation	0.7%
Apple Inc	0.7%
Microsoft Corporation	0.6%
Alphabet Inc A	0.5%
Meta Platforms Inc A	0.4%
Taiwan Semiconductor Manufacturing Co Ltd Sponsored ADR	0.4%
Amazon.com Inc	0.4%
SAP SE	0.3%
MercadoLibre Inc	0.3%
Taiwan Semiconductor Manufacturing Co Ltd	0.3%

Data as at 31.12.2024, 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.

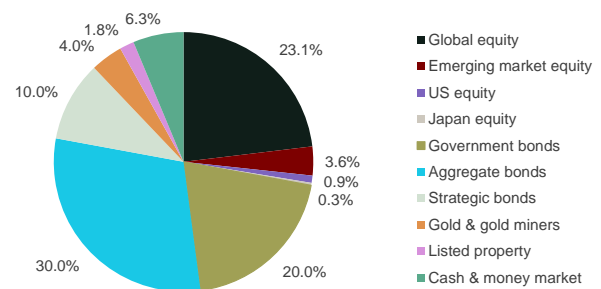
## Cumulative returns



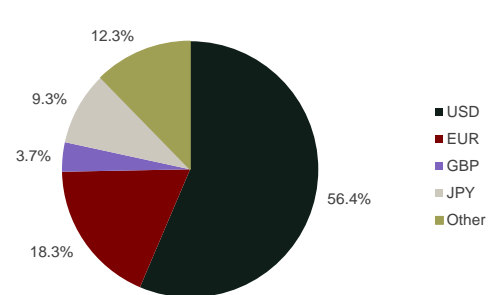
## Portfolio performance



## 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

December's market performance reflected the ongoing uncertainties heading into 2025. The Fed's anticipated 25bps rate cut materialised but was tempered by the quarterly dot plot projecting only two rate cuts for 2025 – half the number expected in September. Inflation forecasts were revised upwards, with the Fed's preferred PCE measure now seen at 2.5%. Fed Chair Powell reiterated the need for further progress on inflation before cutting rates further.

Forward indicators of activity were resilient in the US but weak in Europe and the UK, with recession risks rising in Germany and France due to structural problems and political instability. UK business confidence collapsed after October's tax-heavy budget, reviving stagflation fears with core inflation running at 3.3%, weekly earnings rising 5.2%, and growth falling into negative territory. China's policy shifts toward monetary easing and a more proactive fiscal policy provided some hope, though Trump's trade tariffs cast uncertainty.

Markets reflected these challenges with weakness across major asset classes. Global equities, measured by the MSCI World index, fell -2.6% in December and global emerging markets fell -0.1%, while the JPM Global Government Bond index declined -2.7%. Gold drifted lower after a strong year, and the US dollar surged 2.6% on a trade-weighted basis.

The most significant move was in bonds, with longer maturity yields rising sharply due to inflation fears, slower rate cuts, and concerns over rising government debt. The US 10-year Treasury yield ended the year at almost 4.6%, up 100bps since September's rate cut, while UK 30-year bond yields hit a 21st-century high of 5.13%, driven by stagflation concerns.

Uncertainty remains elevated as markets brace for President Trump's inauguration and the implementation of his policy agenda. Risks of policy missteps, sticky inflation, high US tariffs, high government debt levels and a deterioration in geopolitical tension points weigh heavily on the outlook, while high equity valuations, particularly in megacap tech stocks, add to investor caution.

The policy easing cycle is expected to continue, supporting equities, while the recent bond sell-off has improved fixed income valuations. Opportunities lie in US equities beyond megacap tech stocks and in markets outside the US where valuations are generally more attractive. The consensus expectation for continued US exceptionalism faces little opposition given Europe's and the UK's malaise and China's structural issues. However, opportunities outside the US could deliver relative outperformance as valuations align with economic realities. We remain cautiously constructive for 2025.

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.

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