

# Equilibrium Global Cautious Portfolio

month ended 31 January 2025



## Managed portfolio details

Investment manager: <b>Equilibrium Investment Management</b>	Platform availability: <b>Momentum Wealth International</b>	Reporting currency: <b>USD</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%</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>		
Robeco Multi-Factor Global Equity <sup>i</sup>	Global equity	10.1%
Evenlode Global Equity <sup>i</sup>	Global equity	3.8%
Jennison Global Equity Opportunities <sup>i</sup>	Global equity	3.1%
Lyrical Global Value Equity Strategy <sup>i</sup>	Global equity	2.4%
Fidelity Emerging Markets	Emerging market equity	1.7%
Sands Capital Emerging Markets Growth	Emerging market equity	1.7%
Artisan Global Value <sup>i</sup>	Global equity	1.3%
Paradice Global SMID Cap <sup>i</sup>	Global equity	1.2%
Granahan US Focused Growth <sup>i</sup>	US equity	0.8%
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>		
iShares Global Government Bond	Government bonds	20.0%
Dodge & Cox Global Bond	Aggregate bonds	20.0%
STANLIB Global Bond	Aggregate bonds	10.0%
Coronation Global Strategic Income	Strategic bonds	10.0%
<b>Property</b>		
Catalyst Global Real Estate	Listed property	1.8%
<b>Commodities</b>		
Ninety One Global Gold	Gold & gold miners	4.0%
<b>Cash &amp; money market</b>		
Ninety One US Dollar Money	Money market	6.3%

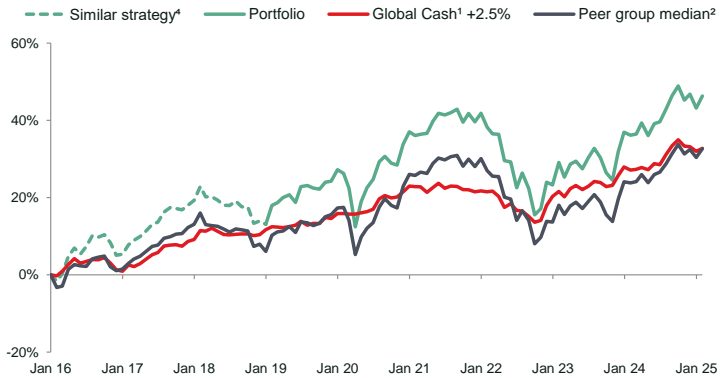
<sup>i</sup> Indirectly held in the Momentum GF Global Equity Fund

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

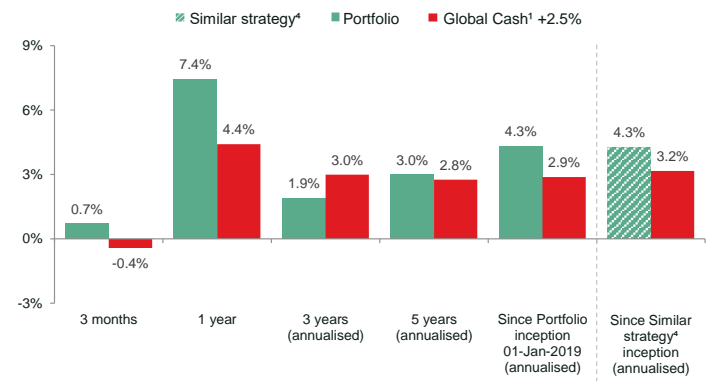
Underlying holding	Weight
NVIDIA Corporation	0.7%
Apple Inc	0.7%
Microsoft Corporation	0.6%
Alphabet Inc A	0.5%
Meta Platforms Inc A	0.4%
Taiwan Semiconductor Manufacturing Co Ltd Sponsored ADR	0.4%
Amazon.com Inc	0.4%
SAP SE	0.3%
MercadoLibre Inc	0.3%
Taiwan Semiconductor Manufacturing Co Ltd	0.3%

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 (CIS) 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.

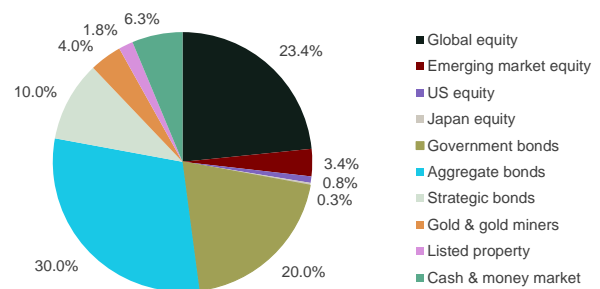
## Cumulative returns



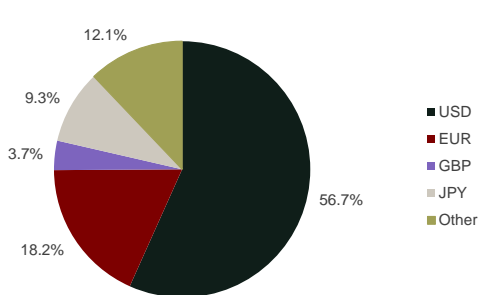
## Portfolio performance



## 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

January's market performance reflected growing uncertainties amid the new US administration's aggressive policy agenda. President Trump's rapid push to enact campaign promises, including tariffs on imports from Mexico, Canada, China, and potentially the EU, sparked initial optimism but soon gave way to sharp market volatility.

US growth prospects remained strong, with a resilient consumer and labour market, boosting equities and bond yields in the first half of the month. However, news of China's DeepSeek AI model, potentially disrupting US tech dominance, led to a significant sell-off in megacap tech stocks, especially semiconductor stocks like Nvidia, which lost \$500bn of its market capitalisation in just one day. Later in the month, Trump's aggressive tariff moves heightened market volatility.

Despite this, global equities returned 3.5% in January, with the US up 2.8%. Europe and the UK outperformed, with returns of 7.0% and 5.8%, driven by lower exposure to tech stocks and expectations of rate cuts. The ECB cut rates by 25bps, with further cuts expected, while the Bank of England is also set to ease. In contrast, the Fed held steady.

Bond markets returned 0.5% over the month as measured by the ICE BofA Global Broad Market index, with US Treasuries and US corporate investment grade returning 0.5% and 0.6% respectively.

The US dollar strengthened on tariff news, while currencies of affected regions, including the Canadian dollar, Mexican peso, and euro, weakened. Tariffs, particularly on Chinese imports, raise inflation concerns, already reflected in rising inflation expectations. US inflation expectations have doubled since mid-September, with market-implied 2-year inflation now at 3.0%, signalling potential price pressures ahead.

While tariffs and their impacts on trade and growth remain uncertain, the US economy is entering 2025 in relatively strong shape, making it more resilient to trade disruptions than many of its peers. However, the AI developments in China and the vulnerability of US megacap tech stocks to any negative news add significant volatility risks. We expect heightened uncertainty and volatility to persist in 2025. The ongoing monetary easing cycle supports asset valuations, but a more cautious outlook is warranted. Diversification remains key, particularly outside the high-risk tech sector. While we don't expect a sustained market sell-off, opportunities will arise from tactical shifts in response to volatility.

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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