Destiny Portfolio Range

Destiny Money Market Portfolio

Factsheet at 29 February 2024

Investment horizon: One year

Investments managed by: Momentum Outcome-based Solutions (Pty) Ltd

Investment mandate

The portfolio has a maximum average duration of one year. The maximum instrument maturity of two years enables the portfolio to outperform short-term money-market rates, while limiting exposure to the longer end of the money-market curve.

Investment strategy

This investment portfolio provides preservation of capital while maintaining full liquidity. It is exclusively invested in South African money-market instruments and other cash or near-cash instruments. It will exhibit very low levels of volatility. However, the lower volatility is at the expense of the higher long-term investment returns in light of the absence of exposure to other long-term capital growth asset classes.

Portfolio information

Launch date:	July 2008
Benchmark:	Short-term Fixed Interest Composite Index
Reg. 28 compliant:	Yes

Risk of capital loss: Very low — Medium — Very high

Investment term: Very short — Medium — Very long

Portfolio managers

Mohammed Sibda

BCom

Nina Saad

BSc, CFA

Long-term outcomes

Return over the investment horizon

Portfolio	Benchmark
9.54%	8.30%

The annualised return over the investment horizon of the portfolio.

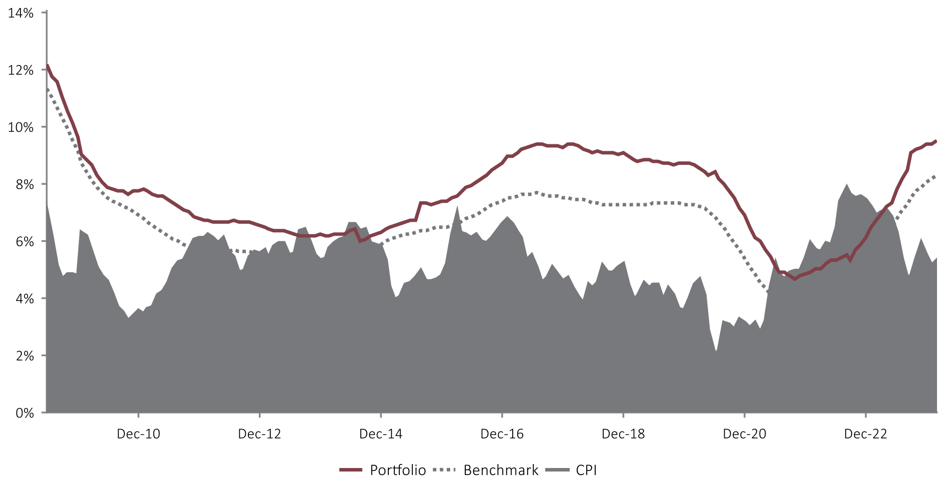
Short-term risk

Risk of negative one-year return

Portfolio	Benchmark
0.00%	0.00%

The likelihood of negative returns over any one-year rolling period.

Rolling returns over investment horizon



Returns over rolling periods of the investment horizon since launch.

Investment returns

	One month	Three months	One year	Two years	Three years	Four years	Five years	Six years	Seven years	Launch
Portfolio	**0.71%**	**2.33%**	**9.54%**	**8.11%**	**7.08%**	**6.84%**	**7.21%**	**7.48%**	**7.75%**	**7.77%**
Benchmark	0.65%	2.06%	8.30%	6.99%	5.95%	5.67%	5.98%	6.19%	6.38%	6.65%
Risk-adjusted ratio[1]					11.01	11.55	12.62	13.50	14.13	14.18
Tracking error[2]					0.29	0.29	0.27	0.26	0.26	0.25

[1]A ratio of the actual return achieved per unit of risk taken. [2]Tracking error/difference (variability of alpha).

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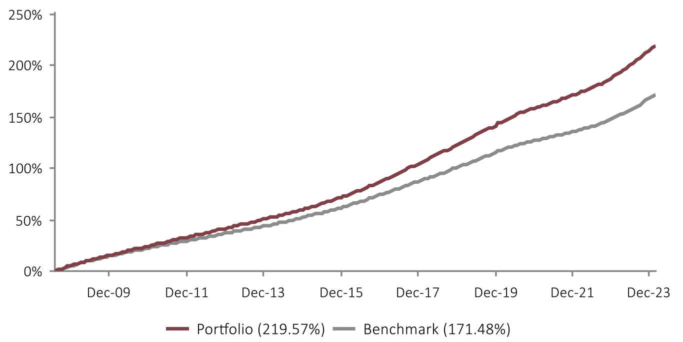
Investment manager returns

	One year	Three years	Seven years
Local cash			
ALUWANI	9.63%	7.26%	7.84%
Momentum Enhanced Yield Fund	9.67%	7.19%	
Momentum Money Market	9.19%	6.79%	

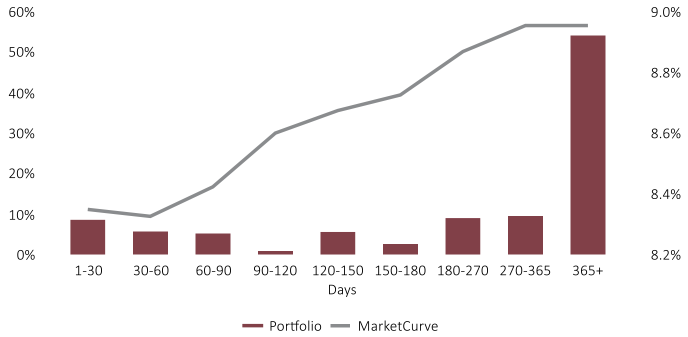
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

Cumulative returns



The cumulative growth of the portfolio since launch compared to its Benchmark.

Term to maturity allocation and MarketCurve



The 10-largest portfolio holdings

Holding	
Firstrand Bank Limited	4.58%
Toyota Financial Services (South Africa) (Pty) Ltd	3.45%
Standard Bank Of South Africa SSN120	3.34%
Absa Bank Limited	2.49%
Deutsche Beteiligungs AG	2.13%
Standard Bank Of South Africa SBS70	2.12%
Telkom SA SOC Ltd	1.91%
Clindeb Investments Pty Ltd	1.43%
Capitec Bank Holdings Limited	1.40%
Discovery Limited	1.33%

The 10-largest instruments at 31 January 2024, looking through all asset classes held.

Quarterly portfolio commentary for Q4 2023

Past monetary policy tightening, constrained government coffers, lingering inflation and unpredictable geopolitical events will likely lead to a moderation in global growth in 2024. Nevertheless, the world economy faces varied growth paths. While robust consumer spending in the United States is expected to slow as excess savings dry up, Europe is contending with economic pressures and calls for fiscal austerity will likely limit recovery., On the other hand, China is anticipated to benefit from meaningful policy announcements made late in 2023, following a disappointing response from authorities earlier last year.

Despite global inflation having more than halved, the International Monetary Fund warns that inflation in 90% of inflation-targeting countries will likely still exceed central bank targets in 2024. Moreover, elections in 2024 for over half of the world's population will contribute to an uncertain geopolitical landscape.

Escalating logistical challenges are affecting rail and port efficiency and dampening growth prospects in South Africa (SA) even as energy constraints are expected to ease. The inability to resolve these bottlenecks is a challenge for the ruling party as we approach the 2024 national elections. Moreover, SA's interest burden and social demands remain high, hindering a swift stabilisation in the country's debt ratio.

Though renewed risks to the SA inflation forecast exist, demand-led pressures and wage inflation are expected to remain contained. The SA Reserve Bank is expected to continue talking tough on inflation even though the next move in interest rates is likely lower from here, most likely by the middle of 2024.

Monetary policy remained on hold during Q4, as the only meeting for the quarter (November) saw a unanimous committee decision to keep rates steady. The repo rate has now remained unchanged at 8.25% (prime at 11.75%) since May 2023, as the authorities assess the impact of their current policy stance on growth and inflation. The traded money market reflected this stability in policy, with rates unchanged and volatility low over the period. The 3-month JIBAR rate moved 7bps higher to 8.40%, while the 12-month rate moved 15bps lower to 9.12%. Based on these JIBAR rate levels the total return for the STeFI Composite Index continues to move higher and was 2.09% for the quarter.

Q4 saw fixed income asset classes deliver stellar performances, with huge total returns as nominal and real yields collapsed lower. Listed property led the way (16.37%), while nominal bonds (8.11%) and ILB's (6.16%) were incredibly strong. The ZAR recovered 3.29% against the dollar, and cash (STeFI) delivered 2.09%.

Big bank spreads have moved significantly tighter over the quarter due to the excess liquidity in the system and changing bank regulatory requirements. This has unfortunately weighed on the yield pick-up investors receive on the bulk of their portfolio. The non-bank credit market is stable, with low issuance keeping credit spreads at compressed levels and a tough macro backdrop negatively impacting the case for investing capital here. So, there is not too much opportunity for yield enhancement from credit. Increasing interest rate risk slightly by moving longer out on the money market curve is thus seen the better option for generating outperformance over the coming quarters.

For the quarter, the building block delivered a return of 2.35% compared to 2.11% for the SteFI benchmark.

For the year, the building block delivered a return of 9.4% against the SteFI benchmark of 8.1%. It consistently met its objective of capital preservation by maintaining positive returns on a one-year rolling basis. Both investment managers had a high exposure to floating-rate notes, which provided a fair degree of liquidity, while also providing above-benchmark yields.

Notes

The information used to compile the Term to maturity allocation and MarketCurve graph is lagged one month.

Disclosures

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Investment returns for periods exceeding one year are annualised. All returns quoted are before deduction of fees, but after the deduction of performance fees on global underlying investments (where applicable). All returns are daily time-weighted returns. The return for the global component of a portfolio is generated at month-end using the global component's last known price. The return for Consumer Price Index (CPI) is to the end of the previous month.

For investments in collective investments schemes (CIS), please refer to the minimum disclosure document (MDD), which is available from the respective CIS manager. The MDD contains important information relating to investment in the respective CIS.

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Sources: Momentum Investments, Morningstar, Iress, msci.com, yieldbook.com, ft.com.

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