Destiny Portfolio Range

Destiny Money Market Portfolio

Factsheet at 31 March 2025

Investment horizon: One year

Investments managed by: Momentum Multi-Manager (Pty) Ltd

Investment mandate

A portfolio invested in selected money-market instruments providing a high income yield and a high degree of capital stability. The portfolio is managed in compliance with Prudential Investment Guidelines as well as being comprehensively managed to comply with the limits of Annexure A to regulation 28 of the Pension Funds Act.

Investment strategy

The investment strategy is to maximise the allocation of investment receipts towards retirement funding investments, and to objectively select and manage asset manager allocations on its members' behalf so as to maximise investment returns at an appropriate level of risk.

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
9.87%	8.28%

The annualised return over the investment horizon of the portfolio.

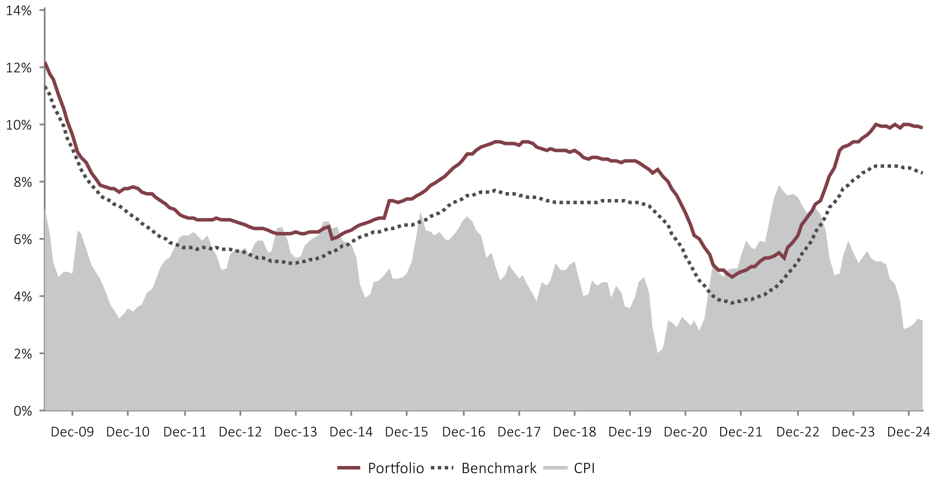
Short-term risk

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	**0.76%**	**2.24%**	**9.87%**	**9.75%**	**8.82%**	**7.87%**	**7.49%**	**7.67%**	**7.83%**	**7.90%**
Benchmark	0.64%	1.89%	8.28%	8.34%	7.54%	6.63%	6.21%	6.38%	6.51%	6.75%
Risk-adjusted ratio[1]					16.83	12.40	11.87	12.94	13.88	14.40
Tracking error[2]					0.28	0.25	0.26	0.25	0.24	0.25

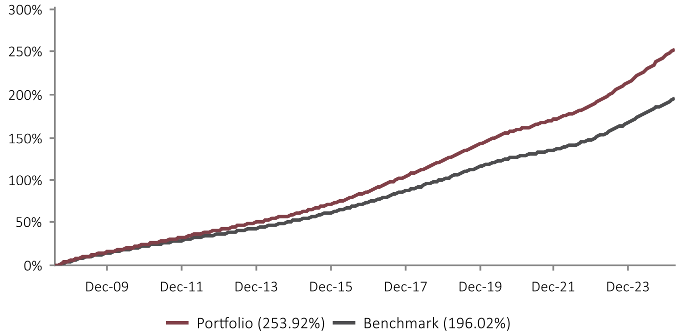
[1]A ratio of the actual return achieved per unit of risk taken. [2]Tracking error/difference (variability of alpha).

Investment manager returns

	One year	Three years	Seven years
Local cash			
ALUWANI	9.67%	8.91%	7.87%
Momentum Enhanced Yield Fund	9.97%	8.90%	
Momentum Money Market	9.45%	8.48%	

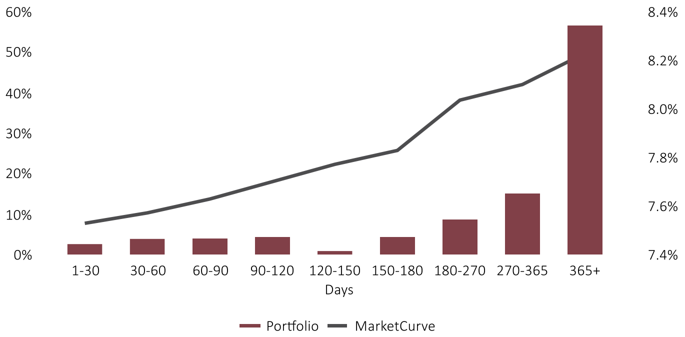
Where no returns are shown, the investment manager has a return history in this portfolio of less than the relevant period (one, three or seven years).

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	
Standard Bank Of South Africa - Cash	6.18%
Toyota Financial Services (SA) Limited FRN	3.54%
The Standard Bank of SA Limited - SSN120	3.43%
FirstRand Bank Limited - FRJ26	2.80%
Clindeb Investments Limited - NTC38	2.13%
Discovery Limited - DSY06	2.05%
Telkom SA SOC Limited FRN	2.00%
Capitec Bank Limited - CBL31	1.43%
Grayston Drive Autos GDAA4	1.32%
Firstrand Bank Ltd. FRC573	1.31%

The 10-largest instruments at 31 March 2025, looking through all asset classes held.

Quarterly portfolio commentary for Q1 2025

On April 2, 2025, the United States (US) unveiled tariff hikes that echoed the protectionism of the Great Depression, exceeding earlier expectations in scope and severity. A pause was announced later; however, these measures threaten to disrupt global trade, with uneven regional impacts as export-reliant nations face sharper blows and retaliatory actions emerge worldwide. Sustained tariffs could drag growth projections lower for the US and beyond, shrinking trade volumes without necessarily triggering a recession. Globalisation's uneven rewards, fuelling US inequality, suggest this shift may endure past President Donald Trump's tenure. In South Africa (SA), the potential for 31% tariffs compound the local strain of a faltering Government of National Unity (GNU), where tensions between the African National Congress (ANC) and Democratic Alliance (DA)—laid bare by recent disputes around the fiscal framework, expropriation laws and changes to health and education legislation—signal fragility, raising the risk premium of the country as post-election euphoria in both the US and SA fade.
We believe that the overall Trump policy package should be less negative for United States (US) economic growth (and hence for equities) than for inflation and the fiscal numbers (and thus for bonds) over time. However, in the short term, the almost immediate US growth-negative implications of an immigration clampdown and higher tariffs are taking precedence in financial markets over the more medium-term growth-friendly policy measures of deregulation and potential tax relief. Despite recent yield rises, developed market (DM) bonds outside the US remain expensive relative to their respective equity markets. In our view, US bonds could remain cheap versus US equities should inflation and fiscal numbers negatively surprise market expectations going forward. The valuations of neither the South African (SA) equity nor nominal bond markets reflect much positive sentiment about better growth potential for the country going forward, enhancing future potential returns. SA equities continue to trade around historically cheap one standard deviation lows against emerging market (EM) equities on a relative forward P/E basis and more than one-half of a standard deviation below its long-term historical average. SA vanilla government bonds still provide some of the highest backward-looking real yields in the world, while the current more than 6% real forward-looking bond yield is comfortably more than one standard deviation above the historical average. SA inflation-linked bonds (ILBs) should receive fundamental support from the anticipated rising local inflation trend until late 2025.

The monetary easing cycle continued in Q1, with a 25bp cut in the repo rate at the Jan meeting. This move by the authorities takes the repo down to 7.50% (prime at 11.00%), as they inch policy towards neutral from the current restrictive setting, which is much more appropriate for the benign growth and stable inflation environment we are experiencing. The traded money market responded accordingly, with rates moving lower. The 3-month Jibar rate declined 19 bps to 7.56%, while the 12-month rate declined less significantly, by 3 bps to 8.09%. Based on these Jibar rate levels the total return for the STeFi Composite Index was 1.89% for the quarter.

Q1 was a difficult quarter for fixed income asset classes as both nominal and real yield rose across the board. Nominal bond and ILB yields moved higher, dragging total returns down as a result, with the ALBI (0.70%) and the IGOV (0.63%) struggling to eke out positive returns. The high beta asset classes were volatile with listed property returning -3.51% and the ZAR surprising to the upside with a 2.76% positive return. Cash (STeFI) was king on a risk-adjusted basis, returning 1.89% for the quarter.

Credit spreads have compressed significantly, led by the banks but increasingly everything else following. Investors are not really being compensated adequately for taking term credit risk, and investment managers preferred shorter dated, more defensive exposure. There is not a lot of opportunity by way of new issuance or further spread compression at the moment.

For the quarter, the building block delivered a return of 2.24% compared to 1.89% for the SteFI benchmark.

For the year, the building block delivered a return of 9.87% against the SteFI benchmark of 8.28%. 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

Sources: Momentum Multi-Manager, Morningstar, Iress, msci.com, yieldbook.com, ft.com.

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