

A man with a beard, wearing a brown suit and a white shirt, sits at a table with a woman. He is holding a pair of glasses. The woman is wearing a sleeveless top and is holding a white cup. They are in a modern office setting with bookshelves in the background. The scene is lit with warm, ambient light.

curate

THE ART OF INVESTING

A large, stylized yellow brushstroke graphic that starts from the bottom left and curves upwards and to the right, ending near the text.

**Questions
and Answers**
from our Global
Investor Day

Question:

All three managers view the current environment as an exceptional, potentially once in a generation, opportunity to invest in their distinct funds. In this context, what should be avoided?

Answer:

Different investment styles can go through periods of underperformance and outperformance. The key is for investment managers to stick to their investment process and philosophy. The three style equity funds can differ significantly in their return profiles. For example, when technology shares rally, the Growth fund tends to outperform while the Quality fund tends to underperform. The Quality fund focuses on longer-term holding periods, aiming to consistently grow earnings and provide strong returns for investors. The Value fund tends to perform well when the likes of the Magnificent 7 are not dominating returns, as investors look for alternative equities and sectors. Ultimately, no one has a crystal ball to see the future, so what investors rely on is strong managers who stick to their tried and tested processes and philosophies. Viewing different style-equity funds as complementary can also be useful in portfolio construction and managing portfolio volatility.

Question:

Is the introduction of feeder funds into the global strategies under consideration?

Answer:

Yes, that is in our pipeline. We are planning on launching feeder funds for the three global style funds, namely Value, Growth and Quality. These new offerings will complement our existing Curate Momentum Global Value Equity Fund, Curate Momentum Global Growth Equity Fund and the Curate Momentum Global Quality Equity Fund, providing a comprehensive suite of ZAR-denominated portfolios.

Question:

How is the global mandate utilised in practice, and what is a typical example of the allocation between U.S. exposure and the rest of the world?

Answer:

The Curate Global Growth Equity Fund tends to invest portions in emerging markets, while the Quality and Value funds focus on developed markets. In developed markets, all funds have the flexibility to invest across markets where they find the best opportunities in line with their styles.

Question:

Many factors can underperform for long periods. How does Robeco decide when to stay committed to a factor approach and when a pattern may have structurally changed?

Answer:

Robeco stays disciplined during periods of factor underperformance by relying on long-term, evidence-based research showing that premiums such as value, momentum, quality, and low risk remain persistent over time. They apply enhanced factor models and proprietary signals, integrating short-term dynamics and alternative data to separate normal cyclical downturns from true structural changes. As a result, they only consider a factor structurally broken when strong empirical evidence shows its underlying economic rationale has disappeared; otherwise, they continue to trust the long-term effectiveness of their refined factor strategies.

Question:

How does Robeco distinguish credible news from misinformation “fake news” when using a news reader?

Answer:

In their idea generation, Robeco uses Natural Language Processing (NLP) and machine learning to turn news sentiments into signals for their trading models. They don't simply read the news like a human; they use a systematic, multi-layered filtering process to distinguish between high-quality market signals and unreliable “noise”, including “fake news”. So, their language model is the key behind unlocking the nuance between fake and real news.

Question:

Do the strategies aim to generate alpha above the benchmark?

Answer:

The Curate Global Sustainable Equity Fund and Curate Global Emerging Markets Equity Fund each target a return of 1% per year ahead of the benchmark index.

Question:

Have any signals been removed from the process, or have new signals only been added over time?

Answer:

Signals are continually evaluated to determine whether they have merit in the portfolio and whether they will generate alpha for investors. It is less common for us to remove signals than to add them to funds, as it needs to be proven that they no longer add value to investors, which cannot necessarily be determined of short time periods once added to the portfolios.

Question:

How does the fund's composition differ from the MSCI World Index or the MSCI Emerging Markets Index?

Answer:

The Curate Momentum Global Emerging Market Equity Fund differs from the MSCI World and MSCI Emerging Markets indices because it follows an enhanced indexing approach. This means it stays broadly aligned with the EM benchmark but takes systematic overweights and underweights in countries, sectors, and stocks where its signals indicate stronger expected returns. As a result, the fund is not benchmark cognisant and maintains tilted exposure relative to the MSCI Emerging Markets Index.

Question:

Jennison emphasises the importance of a disciplined sell process. Which recent sell decisions may be considered surprising?

Answer:

It is important to keep monitoring the portfolio to ensure that every investment earns its place and if better opportunities present themselves, then investments should be replaced. An example of a recent sell was BYD, an electric car company. Although electric vehicle purchases have been gaining traction in recent years, the sector itself has come under more pressure as more competitors have arisen, other than just Tesla, making it more difficult to be convicted on the potential winners in this sector.

Question:

How does Jennison distinguish between durable earnings opportunities and areas where market expectations may be ahead of underlying fundamentals?

Answer:

Looking through the noise is important for identifying future winners and disruptors. The valuations of some companies and sectors, like semiconductors, may appear inflated, but looking at the expected demand based on the extensive use of AI provides some reassurance that the companies can deliver on these high expectations. The companies in the portfolio should demonstrate the ability to remain market leaders and become future winners. Taking a holistic view of the companies, not only valuations, allows for deep insight and earnings predictability.



Question:

Quality has lagged while more cyclical and growth oriented areas have led. How should this underperformance be interpreted, and does it create a more attractive opportunity for quality going forward?

Answer:

Valuations are an important metric that we use to determine entry points for companies that we like as long-term quality compounders. The indiscriminate sell-off of software companies, which make up a meaningful exposure in the fund, has allowed us to purchase more in these companies. We believe that the market sell-off of these companies is not reflective of these companies and the longer-term earnings potential that they may deliver.

Economics

Question:

Is the current valuation of gold indicative of a potential asset bubble?

Answer:

The consensus among economists is nuanced. While many acknowledge that gold's rapid ascent to record highs contains speculative elements, most do not classify it as a "classic bubble" because the demand is driven by sovereign states, global political dynamics and regulatory changes rather than irrational speculation. During periods of economic uncertainty and volatility, as we find ourselves in now, gold has tended to be the go-to safe haven asset.

Question:

Can South Africa achieve meaningful economic progress through domestic reforms alone?

Answer:

Domestic reforms are necessary to increase South Africa's potential growth, but they are not sufficient on their own as the country remains highly sensitive to global events. For domestic reforms to truly take off, SA needs a stable global backdrop of moderate interest rates and continued demand for its natural resources.

Question:

If the dollar continues to depreciate over time, should client portfolios remain priced in dollars, or is it prudent to consider alternative currencies?

Answer:

The US dollar has recently been in a phase of cyclical depreciation. For a client, deciding how to price and hold investments now may require a shift from dollar-default to diversification. Exploring alternatives by changing a portion of a portfolio to be priced or held in alternative currencies, such as the euro, British pound or Japanese yen, helps in hedging against currency risk. It is also not a given that this depreciation of the dollar will continue, so investors need to be mindful of this before making large changes to portfolio allocations.

Question:

Will the U.S. strategy remain unchanged under a new administration?

Answer:

US strategy is unlikely to remain the same after the Trump era, because his administration has introduced major shifts in foreign policy, emphasising a more unilateral and militarily assertive “America First” approach. Trump has reshaped alliances, trade relationships, and global security norms in ways that break from previous bipartisan strategies, meaning future leaders will either have to reverse or adapt to these changes rather than simply return to the old model.

This document was prepared by Curate Investments (Pty) Ltd (Curate). Curate is an authorised financial services provider (FSP No. 53549). Registration number 2023/747232/07. The local and rand-denominated feeder funds are co-named portfolios administered by Momentum Collective Investments (RF) (Pty) Ltd (the management company), registration number 1987/004287/07, which is authorised in terms of the Collective Investment Schemes Control Act, No 45 of 2002 (CISCA) to administer collective investment schemes (CISs) in securities, and retains full legal responsibility for the Curate investment funds. The management company is the manager of the Momentum Collective Investments Scheme (the scheme) and is part of Momentum Group Limited, an authorised financial services provider (FSP) (FSP6406). The information given in this document is for investment professionals and is only for general information purposes and not an invitation or solicitation to invest. The information is not intended to be accounting, tax, investment, legal or other professional advice or services as set out in the Financial Advisory and Intermediary Services (FAIS) Act, 37 of 2002, or otherwise. The information in this document, including opinions expressed, is derived from proprietary and non-proprietary sources that Curate deems reliable, and are not necessarily all inclusive but are accurate at the publication date. For investments in collective investment schemes (CIS), please refer to the minimum disclosure documents (MDDs), which are available from the CIS Manager's website and curateinvestments.com/za. The MDD contains detailed investment information relating to each CIS portfolio. The information contained in this document may not be used, published or redistributed without the prior written consent of Curate. While we make all reasonable attempts to ensure the accuracy of the information in this document, neither Curate nor its affiliated companies, make any express or implied warranty about the accuracy of the information in this document. Past performance is not necessarily a guide for future returns. Financial advisers should conduct a suitability analysis and due diligence with clients on the investments mentioned in this document as part of their investment mandate and investment advice process.

The dollar- and pound-denominated funds are sub-funds of the MGF SICAV, which is domiciled in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier. The Fund conforms to the requirements of the European UCITS Directive. FundRock Management Company S.A., incorporated in Luxembourg, is the Management Company with its registered office at 33, Rue de Gasperich, L-5826 Hesperange, Luxembourg. Telephone +352 271 111. J.P. Morgan Bank Luxembourg S.A., incorporated in Luxembourg, is the Administrator and Depositary with its registered office at European Bank & Business Centre, 6, route de Trèves, L-2633 Senningerberg, Luxembourg. Telephone +352 462 6851. This document is issued by Momentum Global Investment Management Limited (MGIM). MGIM is the Investment Manager, Promoter and Distributor for the MGF SICAV. MGIM is registered in England and Wales No. 03733094. Registered Office: The Rex Building, 62 Queen Street, London EC4R 1EB. Telephone +44 (0)20 7489 7223 Email DistributionServices@momentum.co.uk. MGIM is authorised and regulated by the Financial Conduct Authority No. 232357, and is exempt from the requirements of section 7(1) of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS) in South Africa, in terms of the FSCA FAIS Notice 141 of 2021 (published 15 December 2021). Either Momentum Global Investment Management Limited (MGIM) or FundRock Management Company S.A., the management company, may terminate arrangements for marketing under the denotification process in the new Cross-border Distribution Directive (Directive EU) 2019/1160.