

# VFPF International Cautious Fund - Class B USD

Fund data for the month ending 31 October 2018

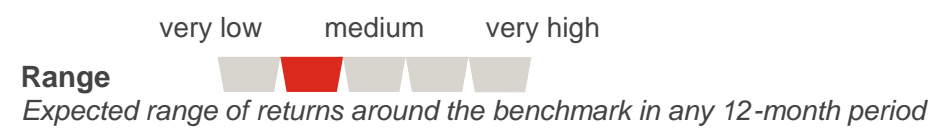
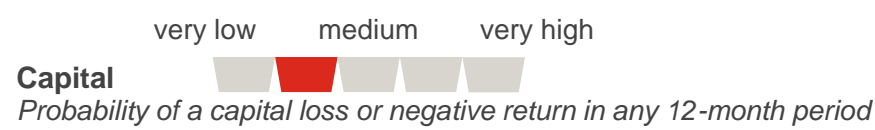
## Fund details\*

|   |   |  |   |
|---|---|--|---|
| Manager:<br><b>Momentum Wealth International Limited</b>  | Investment manager:<br><b>Momentum Global Investment Management</b>             | Sub-investment manager:<br><b>Ampersand Asset Management (Pty) Ltd</b> |   |
| Custodian:<br><b>Northern Trust (Guernsey) Limited</b>  | Income distribution:<br><b>Accumulating, income received is not distributed</b> | Minimum subscription:<br><b>USD 7,500</b>                              | Fund size:<br><b>USD 40.2 million</b>     |
| Inception date:<br><b>11 November 2009</b>  | Investment timeframe:<br><b>3 years +</b>                                       | Subscriptions / redemptions:<br><b>daily</b>                           | Initial fee:<br><b>none</b>               |
| Valuation point:<br><b>11:00pm (Guernsey time) on the relevant Dealing Day</b>  | Currency:<br><b>USD</b>   | ASISA sector:<br><b>Fund of funds</b>                                  | Financial year-end TER**:<br><b>2.34%</b> |
| Benchmark:<br><b>30% MSCI AC World, 60% ICE BofAML Global Government, 10% Cash</b>  |   | Price per share (as at 31 October 2018):<br><b>USD 1.1235</b>          | TER**:<br><b>2.28%</b>                    |
| Subscriptions cut-off time:<br><b>The application form to subscribe must be completed and received by the Administrator by no later than 12:00 noon (Guernsey time) on the relevant Dealing Day, with cleared funds to be received by no later than 12:00 noon (Guernsey time) on the relevant Dealing Day.</b> |   |  |   |
| Redemptions cut-off time:<br><b>Written notice to redeem must be received by the Administrator by no later than 12:00 noon (Guernsey time) one Business Day before the relevant Dealing Day.</b>  |   |  |   |

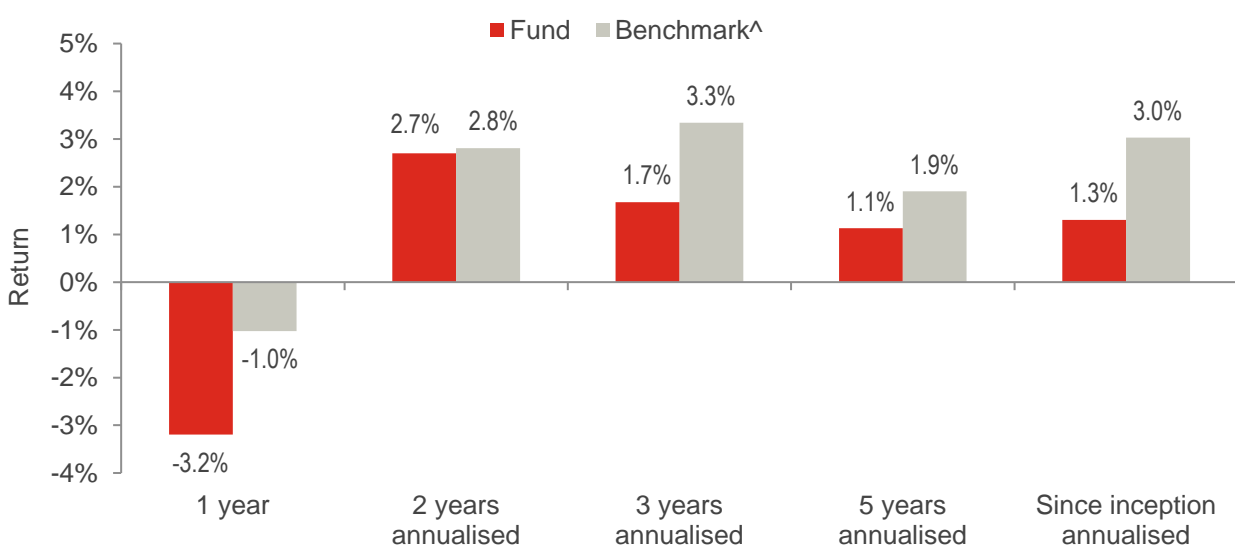
Up to date Fund prices per share are available on [www.morningstar.co.za](http://www.morningstar.co.za) or upon request from the Manager or Administrator.

## Investment objective

A diversified portfolio, consisting of assets in liquid form and participatory interests of portfolios of collective investment schemes or other similar schemes, which invests into a wide range of asset classes including cash, fixed income, equities, commodities and property. The portfolio aims to provide a balance between capital preservation and capital growth over the full investment cycle. The Fund is ideally suited to investors with a medium risk tolerance with an investment horizon of 3 years or longer.



## Fund performance



## Cumulative returns

|                 | Rolling 12-month cumulative return |            |                    |            | Cumulative performance |
|-----------------|------------------------------------|------------|--------------------|------------|------------------------|
|                 | Highest performance                |            | Lowest performance |            |                        |
| 1 year          | +10.5%                             | (Jan 2018) | -3.2%              | (Oct 2018) | -3.2%                  |
| 2 years         | +10.5%                             | (Jan 2018) | -3.2%              | (Oct 2018) | +5.5%                  |
| 3 years         | +10.5%                             | (Jan 2018) | -8.1%              | (Feb 2016) | +5.1%                  |
| 5 years         | +10.5%                             | (Jan 2018) | -8.1%              | (Feb 2016) | +5.8%                  |
| Since inception | +10.5%                             | (Jan 2018) | -8.1%              | (Feb 2016) | +12.4%                 |

Source: Morningstar, Lipper Hindsight, Northern Trust International Fund Administration Services (Guernsey) Limited. **Past performance is not indicative of future returns.**

<sup>^</sup> With effect from 01.07.18 the 60% allocation in the FTSE WGBI index was replaced with the ICE BofAML Global Government index. Both indices have had similar returns since the inception of the Fund and this change, which has not been applied retrospectively, has no significant impact on the performance comparison.

The Fund performance is calculated on a total return basis, net of all fees and in US dollar terms. NAV to NAV figures have been used for the performance calculations. The performance is calculated for the Fund. The individual investor performance may differ, as a result of various factors, including the actual investment date. Investment performance calculations are available for verification upon request. Annualised returns are period returns re-scaled to a period of 1 year. This allows investors to compare returns of different assets that they have owned for different lengths of time. Actual annual figures are available to investors upon request. Since inception figures are since the inception of the investment strategy.

## Top holdings

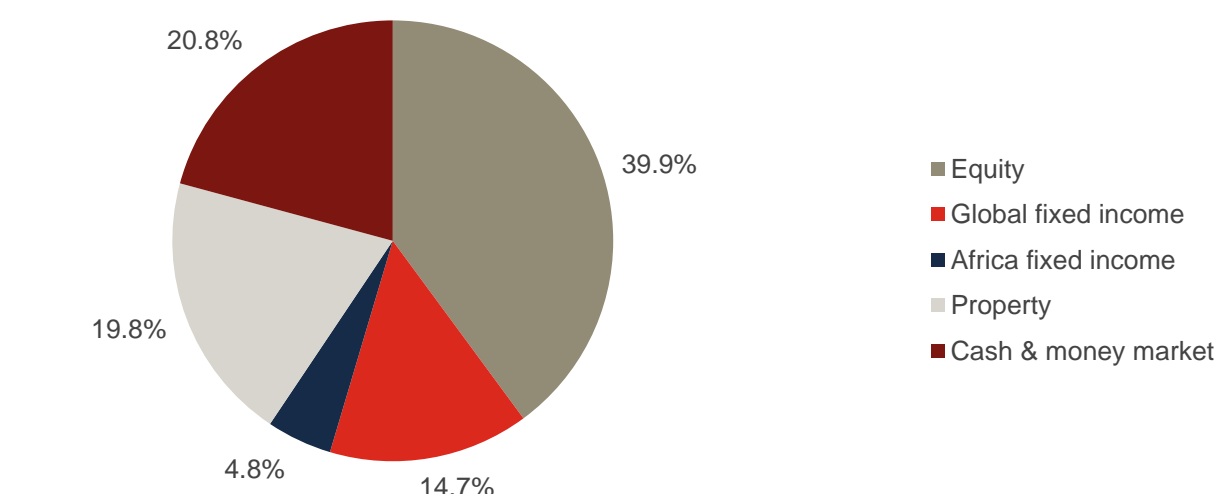
| Holdings  | Asset type   | Weight |
|---|--------------|--------|
| Cash  | Cash         | 17.5%  |
| PIMCO Global Bond                               | Fixed Income | 14.0%  |
| Schroder Global Recovery                        | Equity       | 12.5%  |
| Investec Global Franchise                       | Equity       | 10.7%  |
| Nedgroup Global Equity                          | Equity       | 10.1%  |
| Bridge Global Property Income                   | Property     | 7.7%   |
| Nedgroup Global Property                        | Property     | 6.0%   |
| Schroder Global Cities Real Estate (EUR hedged) | Property     | 5.5%   |
| Saffron African Yield Opportunity               | Alternatives | 5.0%   |
| Nedgroup Global Flexible                        | Equity       | 4.9%   |

Source: Momentum Global Investment Management Limited, Northern Trust International Fund Administration Services (Guernsey) Limited.

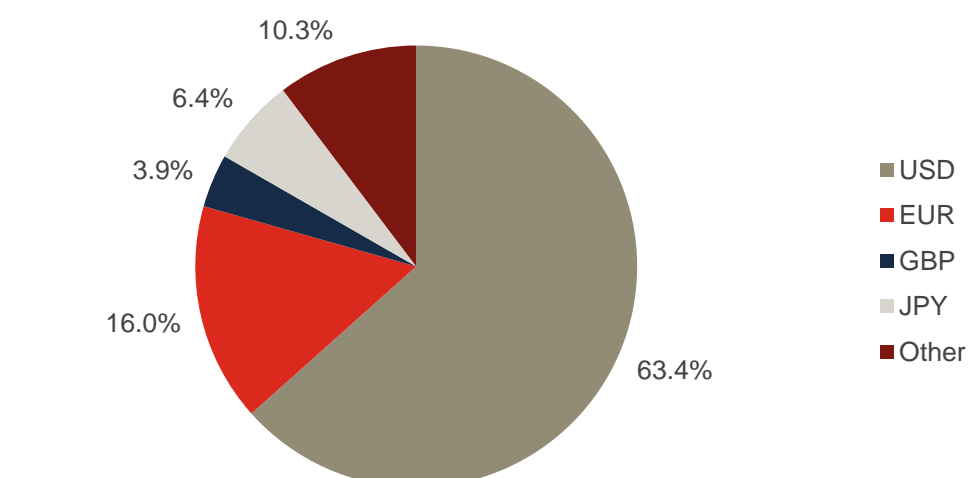
## Investment statistics (since inception)

|                        |       |
|------------------------|-------|
| Cumulative return:     | 17.4% |
| Annualised return:     | 1.8%  |
| Annualised volatility: | 6.1%  |

## Current asset allocation\*\*\*



## Currency allocation



Source: Ampersand Asset Management (Pty) Limited, Momentum Global Investment Management, Northern Trust International Fund Administration Services (Guernsey) Limited.

\* Please refer to the fund supplement and scheme particulars for a detailed description of fees and fund facts.

\*\* The Total Expense Ratios (TERs) are the percentages of the net asset value of the class of the Financial Product incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. A current TER may not necessarily be an accurate indication of future TERs. The TER to 28 September 2018 is based on data for the period from 29 September 2017 to 28 September 2018 and the financial year-end TER is based on data for the financial year-end to 29 June 2018. Cost ratios are calculated using historical actual and/or estimated data and are provided solely as an indication/guide as to the annual expenses/costs that could be incurred. These ratios do not represent any current/actual charges or fees.

\*\*\* Asset allocation figures look through to the holdings of underlying collective investment schemes.

## Market commentary

In a sharp reversal of fortunes which began at the end of September, very few asset classes produced a positive return last month. The classic safe-haven assets including government bonds, gold and the Japanese yen produced positive returns, with the notable exception of US Treasuries which fell 0.5%. Equities suffered the brunt of the selling, led by Asia, down over 10% in the month, while most other regions fell 7-9% in US dollar terms. Despite a bounce in the final days of the month, the MSCI World Index declined 7.3%, a slightly smaller fall than the 8.7% decline in emerging markets. Only Latin America produced a positive return, driven by a recovery in currencies and a surge in Brazilian equities.

As expected in a risk-off period, bond markets held up far better than equities, although credit came under pressure. High yield and investment grade corporate bonds both produced negative returns of 1.5% and emerging market bonds posted a negative return of 2.1%. Government bond markets including UK Gilts, German Bunds, Japanese and Australian bonds all produced small positive returns but US Treasuries declined and the global bond index was down 1.0% in dollar terms due to continued dollar strength. Since the February low point, the trade weighted dollar index has risen by 10%.

The worrying undercurrents which were evident in September, including the continuing tightening of monetary policy especially by the Federal Reserve, evidence that the US-China trade war was beginning to impact economic activity in China, the looming Italian budget and the ongoing Brexit saga, were all factors contributing to the sharp turn in investor sentiment at the beginning of October.

The two big issues set to dominate markets in the months ahead are monetary tightening by the Fed and the impact of the US-China trade war on growth. There are still few signs of excess or capacity shortages which might trigger an inflationary surge, and the constraints to growth and likely slowdown next year could well extend the cycle for some time ahead. With policy set to tighten further this remains an environment to keep duration short. Greater resilience is warranted in portfolios, and there are ample reasons for a more cautious approach, but valuations in equities have improved significantly as a result of weak markets and strong corporate earnings, and hence the sharp setbacks in recent weeks present opportunities to add to positions selectively.

Source: Bloomberg, Momentum Global Investment Management Limited

## Fees applicable to Class B participating shares

| Management and administration fee:                  |                  | Investment management fee:                       | Sub-investment management fee:                   | Other applicable fees:   |
|---|------------------|--|--|--|
| <b>NAV of Fund</b>                                  | <b>Fee</b>       | 1.05% <i>per annum</i> (maximum)                 | 1.00% <i>per annum</i> (maximum)                 | Custody fees:  |
|   | <i>per annum</i> | Performance fees are not applicable to this Fund | <i>paid out of the investment management fee</i> | Up to USD 30m 0.05%  |
| Up to USD 30m                                       | 0.30%            |  |  | From USD 30m to USD 60m 0.04%  |
| From USD 30m to USD 60m                             | 0.25%            |  |  | From USD 60m to USD 100m 0.03%   |
| Over USD 60m  | 0.20%            |  |  | Over USD 100m 0.02%  |
| <i>subject to a minimum of USD 22,000 per annum</i> |                  |  |  | <i>subject to a minimum of USD 8,000 per annum.</i><br>(Custodian fee per transaction: USD 25) |
|   |                  |  |  | Distribution fees: 0.00%   |
|   |                  |  |  | Directors' fees: 0.00%   |

## Risk warnings and important notes

Collective investments are generally medium to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future.

Collective investments are traded at ruling prices. Commission and incentives may be paid and, if so, would be included in the overall costs. All performance is calculated on a total return basis, after deduction of all fees and commissions and in US dollar terms. Forward pricing is used.

The Fund invests in other collective investments, which levy their own charges. This could result in a higher fee structure for the Fund.

Fluctuations in the value of the underlying funds, the income from them and changes in interest rates mean that the value of the Fund and any income arising from it may fall, as well as rise, and is not guaranteed.

Deductions of charges and expenses mean that you may not get back the amount you invested.

The fees charged within the Fund and by the managers of the underlying funds are not guaranteed and may change in the future.

Higher risk investments may be subject to sudden and larger falls in value in comparison to other investments. Higher risk investments include, but are not limited to, investments in smaller companies, even in developed markets, investments in emerging markets or single country debt or equity funds and investments in high yield or non-investment grade debt.

Notwithstanding ongoing monitoring of the underlying funds within the Fund, there can be no assurance that the performance of the funds will achieve their stated objectives.

The Fund will contain shares or units in underlying funds that invest internationally. The value of an investor's investment and the income arising from it will therefore be subject to exchange rate fluctuations.

Foreign securities may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information.

The Fund may contain shares or units in underlying funds that do not permit dealing every day. Investments in such funds will only be realisable on their dealing days. It is not possible to assess the proper market price of these investments other than on the fund's dealing days.

No borrowing will be undertaken by the Fund except for the purpose of meeting short term liquidity requirements. Borrowings will not exceed 10% of the net asset value of the Fund. For such purpose, the securities of the Fund may be pledged. No scrip borrowing will be allowed. The Cell is not permitted to enter into any form of borrowing or loan arrangement with other cells of the Company nor other collective investment schemes of the Manager.

While derivative instruments may be used for hedging purposes, the risk remains that the relevant instrument may not necessarily fully correlate to the investments in the Fund and accordingly not fully reflect changes in the value of the investment, giving rise to potential net losses.

Forward contracts are neither traded on exchanges nor standardised. Principals dealing in these markets are also not required to make markets in the currencies they trade, with the result that these markets may experience periods of illiquidity. Banks and dealers will normally act as principals and usually each transaction is negotiated on an individual basis.

The Manager has the right to close the Fund to new investors, in order to manage it more efficiently, in accordance with its mandate.

Investment in the Fund may not be suitable for all investors. Investors should obtain advice from their financial adviser before proceeding with an investment.

Investors are reminded that any forecasts and/or commentary included in this MDD are not guaranteed to occur, and merely reflect the interpretation of the public information and propriety research available to the Investment Manager at a particular point in time.

This report should be read in conjunction with the prospectus of Momentum Mutual Fund ICC Limited and the supplement, in which all the current fees and fund facts are disclosed.

Copies of these scheme particulars, including the Prospectus, Fund Supplement, and the annual accounts of the Scheme, which provide additional information, are available, free of charge, upon request from Momentum Wealth International Limited, La Plaiderie House, La Plaiderie, St Peter Port, Guernsey, GY1 1WF, Telephone 0044 1481 735480, or from our website [www.momentum.co.gg](http://www.momentum.co.gg).

This report should not be construed as an investment advertisement, or investment advice or guidance or proposal or recommendation in any form whatsoever, whether relating to the Fund or its underlying investments. It is for information purposes only and has been prepared and is made available for the benefit of the investors in the Fund.

While all care has been taken by the Investment Manager in the preparation of the information contained in this report, neither the Manager nor Investment Manager make any representations or give any warranties as to the correctness, accuracy or completeness of the information, nor does either the Manager or Investment Manager assume liability or responsibility for any losses arising from errors or omissions in the information.

Momentum Mutual Fund ICC Limited is an incorporated cell company governed by the provisions of the Companies (Guernsey) Law 2008 as amended. Prior to its incorporation as an incorporated cell company on 19 January 2007, it was registered as a protected cell company on 20 February 2006. It is authorised, as an open-ended collective investment scheme of Class B by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended. In giving this authorisation the Guernsey Financial Services Commission do not vouch for the financial soundness of Momentum Mutual Fund ICC Limited or for the correctness of any of the statements made or opinions expressed with regard to it.

VPFP International Cautious Fund IC Limited is a registered incorporated cell of Momentum Mutual Fund ICC Limited, with registered number 50897.

VPFP International Cautious Fund IC Limited is approved under the South African Collective Investment Schemes Control Act (No. 45 of 2002).

Momentum Wealth International Limited is the Fund Manager, licensed by the Guernsey Financial Services Commission, with its registered office at La Plaiderie House, La Plaiderie, St Peter Port, Guernsey, GY1 1WF. Momentum Wealth International Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002 in South Africa. Momentum Wealth International Limited is a full member of the Association for Savings and Investments SA (ASISA).

Momentum Collective Investments (RF) (Pty) Ltd a South African company Registration No. 1987/004287/07, with its registered office at 268 West Avenue, Centurion, 0157, South Africa, has been appointed by the Manager as the Representative Office for the fund. Share call number 0860 111 899 Telephone +27 (0) 12 675 3002 Facsimile +27 (0) 12 675 3889.

Momentum Collective Investments (RF) (Pty) Ltd is an authorised manager of collective investment schemes in terms of the Collective Investment Schemes Control Act, No 45 of 2002.

Northern Trust International Fund Administration Services (Guernsey) Limited is the Fund Administrator, licensed by the Guernsey Financial Services Commission, with its registered office at PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL.

Momentum Global Investment Management Limited is the appointed Investment Manager of the fund and is authorised and regulated by the UK Financial Conduct Authority, with its registered address at The Rex Building, 62 Queen Street, London EC4R 1EB. Momentum Global Investment Management Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002 in South Africa.

Ampersand Asset Management (Pty) Ltd, a South African registered company, is the appointed Sub-Investment Manager of the fund, with its registered office at 2nd Floor, 1 Melrose Boulevard, Melrose Arch, South Africa.

Vickers & Peters Financial Planning (Pty) Ltd, a South African registered company, is the appointed Distribution Partner of the fund, with its registered office at 2nd Floor, 1 Melrose Boulevard, Melrose Arch, South Africa.

Northern Trust (Guernsey) Limited is the Custodian, licensed by the Guernsey Financial Services Commission, with its registered office at PO Box 71, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3DA

Momentum Wealth International Limited does not provide any guarantee, either with respect to the capital or the return of the Fund.

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