

Momentum Global Balanced Fund (Class A)

Month ended 31 December 2018

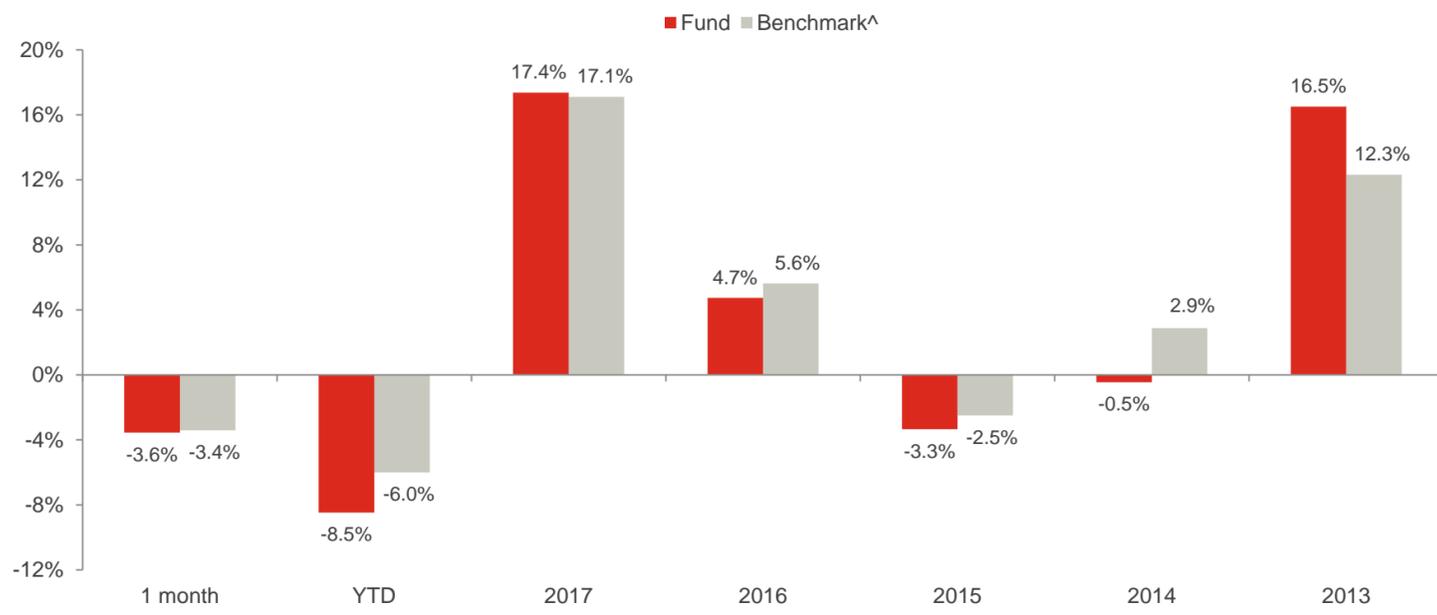
Fund details*

Investment manager: Momentum Global Investment Management	Investment timeframe: 3 years+	Currency: USD
Minimum subscription: USD 7,500	Subscriptions / redemptions: daily	Initial fee: none
Inception date (investment strategy): 30 September 2004	Inception date (fund): 18 April 2007	Price per share: USD 1.2859
Benchmark: 60% MSCI AC World, 40% ICE BofAML Global Broad Market		

Investment objective

The primary objective of the Fund is to provide a balance between capital preservation and capital growth over the full investment cycle in local currency terms with a reduced level of volatility. The diversified portfolio invests into a wide range of asset classes including cash, fixed income, high yield, equities, property and alternative investment strategies. As this portfolio is global in nature, exposure will be taken in a wide range of currencies and markets. The Fund is ideally suited to investors with a medium risk tolerance with an investment horizon of three years or longer.

Fund performance



Past performance is not indicative of future returns. The fund performance is calculated on a total return basis, net of all fees and in US dollar terms.

^ With effect from 01.07.18 the 40% allocation in the FTSE WBIG index was replaced with the ICE BofAML Global Broad Market index. This has not been applied retrospectively.

Top holdings

Holdings	Asset type	Weight
² Jennison	Equity	7.9%
² Morgan Stanley Global Brands	Equity	6.2%
² Artisan	Equity	6.2%
² Paradise	Equity	5.5%
¹ US Treasury Bond	Fixed Income	5.0%
¹ iShares \$ Treasury Bond 7-10yr	Fixed Income	4.8%
¹ iShares \$ TIPS	Fixed Income	4.5%
¹ iShares MSCI Emerging Markets	Equity	3.8%
² Hotchkis & Wiley	Equity	3.8%
² Contrarius	Equity	3.6%

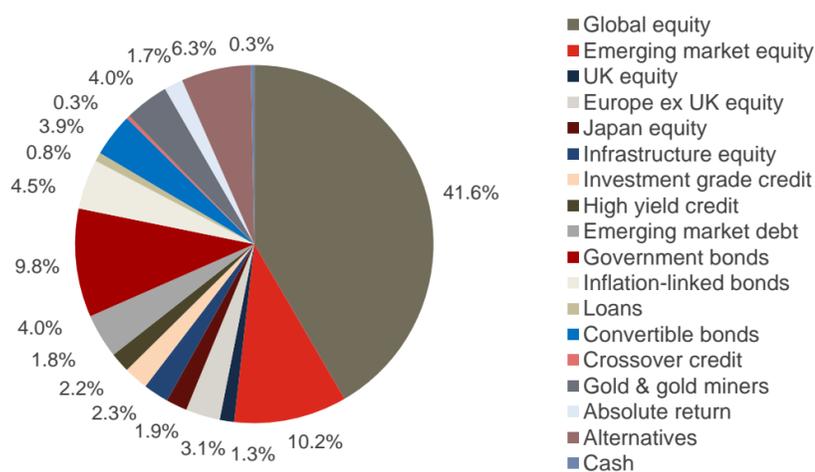
¹ Direct holding

² Indirectly held in the Momentum IF Global Equity Fund

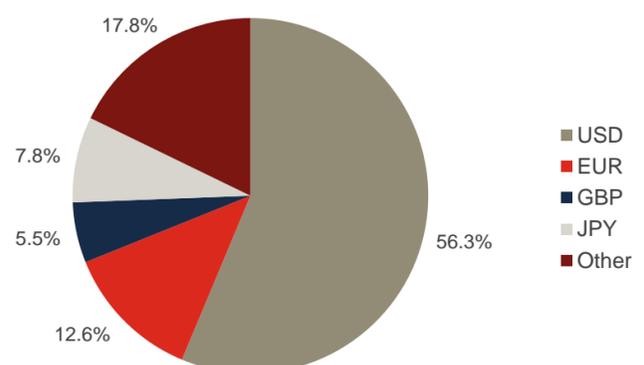
Investment statistics (since investment strategy inception)

Current month return:	-3.6%
Cumulative return:	89.5%
Annualised return:	4.6%
Annualised volatility:	10.2%

Strategy allocation



Currency allocation



Sources: Morningstar, Lipper Hindsight, 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.

■ Market commentary

With broadening evidence of a global slowdown and both the Federal Reserve (Fed) and European Central Bank continuing to tighten policy, investors took fright in December, resulting in steep falls across nearly all equity markets and a rush into safe haven assets. The US market suffered a disastrous month, down 9%, taking its return for the year into negative territory, while the MSCI World index fell almost 8% for the month and 9% for the year, making this the worst year for markets since the financial crisis. Emerging markets also suffered but outperformed developed markets in December, with the MSCI Emerging Markets index declining by 2.7% in the month.

The big beneficiaries of this intense risk aversion were the classic safe havens: US Treasuries returned 2.3% in the month, gold added 5% and the yen appreciated 3.5% in December and was one of the very few currencies to gain versus the dollar in 2018. Other than gold, commodities had a tough month, led by oil down 8%, taking its fall from the October peak to 40%.

The immediate trigger for the sharp moves was growing evidence of a slowdown in growth, especially in China, the world's second largest economy. The negative impact of trade wars on the manufacturing sector in China is becoming increasingly clear. The Fed continued to tighten policy, increasing rates for a fourth time in 2018, taking the Fed Funds rate to a target range of 2.25%-2.5%. With bond yields falling sharply, down 60 basis points between early November and late December, the yield curve flattened dramatically.

The risks are clear for all to see but we believe that markets have discounted more of those risks than is warranted: markets have deteriorated much more than the fundamentals. This presents a good opportunity to increase exposure to risk assets, notably in equities and in corporate bonds, both investment grade and high yield.

It is easy for the positives to be overlooked in tough market conditions. Yet there are few if any signs of capacity shortages, overheating or sharply rising inflation that would trigger sudden and unexpected tightening of policy and presage a recession. We therefore enter 2019 with a positive view; the big risks might well have peaked and have anyway been fully discounted in markets. However, market moves in the past year have once again illustrated the benefits of diversification and therefore we will continue to build our portfolios with true diversification and resilience around a core in equities, making use of the wide range of asset classes which exhibit relatively low correlation with traditional assets, including infrastructure, gold and liquid alternatives, as well as safe haven bonds as and when yields pick up from recent falls.

Source: Bloomberg, Momentum Global Investment Management.

■ Risk warnings and important notes

Investment in the Fund may not be suitable for all investors and financial advice should be sought before proceeding with an investment. Past performance is not indicative of future returns and there can be no assurance that the performance of the Fund will achieve its stated objective. All performance is calculated on a total returns basis, net of all fees and commissions and in US dollar terms.

Collective investments are generally medium to long term investments and are traded at ruling prices. The value of the Fund and any income arising from it are not guaranteed and may fall, as well as rise, due to the value of its holdings, the income derived from them, and changes in interest rates. The Fund will hold shares or units in underlying funds which invest internationally, which will be exposed to exchange rate fluctuations, and may erode any potential gains.

Higher risk investments, such as small companies (even in developed markets), emerging markets, single country debt, equity funds, high yield and sub-investment grade debt may be more prone to sudden and larger falls in value in comparison to other investments. Unregulated funds may permit a greater degree of leverage than is permitted with regulated funds that are available to the general public in South Africa, which increases volatility and the risk of larger losses should the fund's value decrease.

The Fund may contain shares or units in underlying funds that do not permit dealing every day. It is not possible to immediately assess the proper market price of these investments, as they will only be realisable on their dealing days.

A fund of fund collective investment scheme only invests in other collective investments, which levy their own charges. The fees charged within the Fund and by the managers of the underlying funds are not guaranteed and are subject to change thereby impacting the Fund's performance. Commissions and incentives may be paid and, if so, would be included in the overall costs. Deductions of charges and expenses mean that you may not get back the amount you invested.

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This document should be read in conjunction with the Prospectus of Momentum Mutual Fund ICC Limited and the Fund Supplement, in which all the current fees and expenses charged to the Fund are disclosed. For a detailed description of such fees and expenses, please refer to these Scheme Particulars which are available upon request from Momentum Wealth International Limited, La Plaiderie House, La Plaiderie, St Peter Port, Guernsey, GY1 1WF.

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