

# Momentum Global Balanced Fund (Class B)

Month ended 30 August 2019

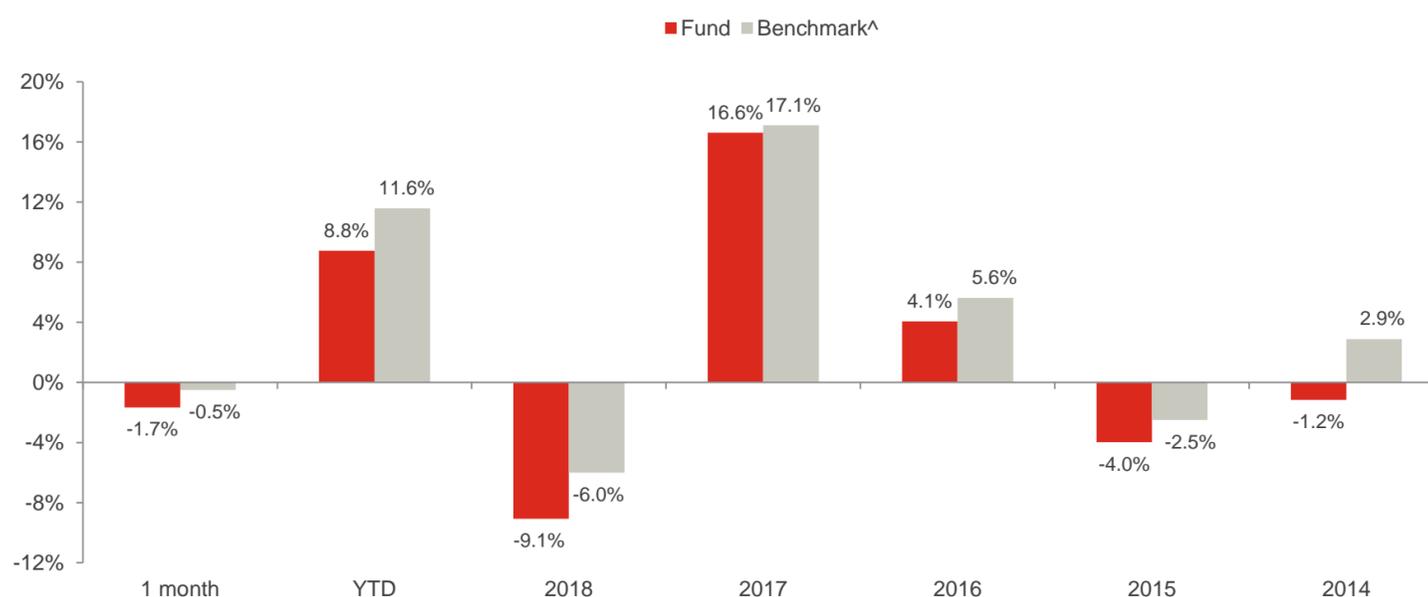
## Fund details\*

Investment manager: <b>Momentum Global Investment Management</b>	Investment timeframe: <b>3 years+</b>	Currency: <b>USD</b>
Minimum subscription: <b>USD 7,500</b>	Subscriptions / redemptions: <b>daily</b>	ISIN: <b>GG00B3FKLF78</b>
Inception date (investment strategy): <b>30 September 2004</b>	Inception date (fund): <b>18 April 2007</b>	Initial fee: <b>none</b> TER <sup>**</sup> : <b>2.03%</b>
Benchmark: <b>60% MSCI AC World, 40% ICE BofAML Global Broad Market</b>		Price per share: <b>USD 1.3485</b>

## 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 WBI index was replaced with the ICE BofAML Global Broad Market index. This has not been applied retrospectively.

## Top holdings

Holdings	Asset type	Weight
<sup>1</sup> US Treasury Bonds	Fixed Income	12.0%
<sup>2</sup> Robeco Global Value	Equity	5.5%
<sup>2</sup> Jennison	Equity	4.0%
<sup>2</sup> Robeco Global Enhanced Index	Equity	3.9%
<sup>2</sup> Robeco Global Conservative	Equity	3.9%
<sup>1</sup> Momentum IF Global Emerging Markets	Equity	3.4%
<sup>2</sup> Morgan Stanley Global Brands	Equity	3.2%
<sup>2</sup> Artisan	Equity	3.2%
<sup>1</sup> iShares MSCI Emerging Markets	Equity	3.2%
<sup>2</sup> Robeco Global Quality	Equity	3.2%

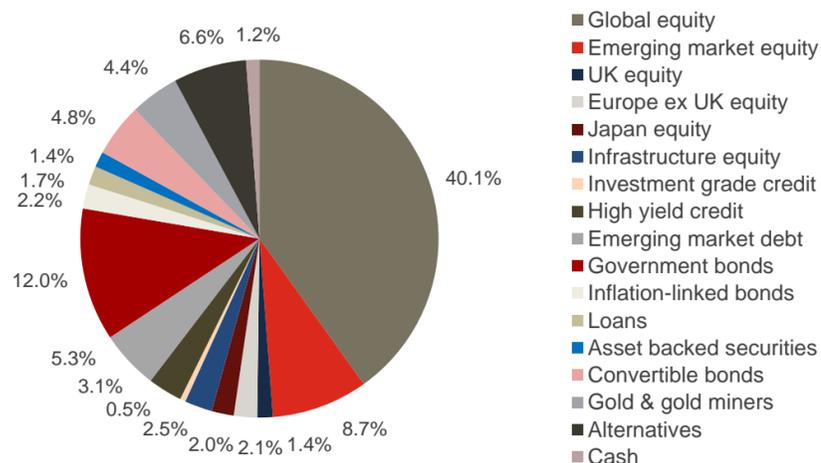
<sup>1</sup> Direct holding

<sup>2</sup> Indirectly held in the Momentum IF Global Equity Fund

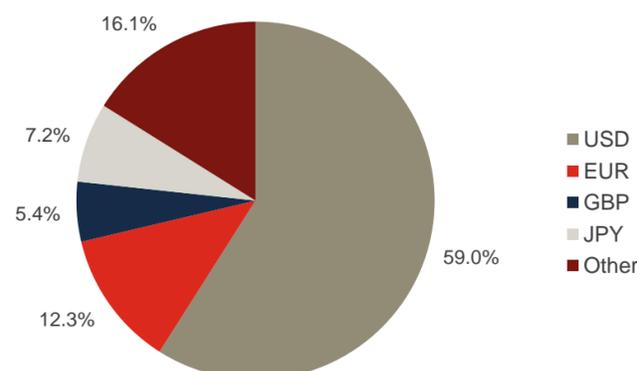
## Investment statistics (since investment strategy inception)\*\*\*

Current month return:	-1.7%
Cumulative return:	86.0%
Annualised return:	4.2%
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.

\*\* As at 28 June 2019, 2.03% of the Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio.

\*\*\* Performance figures prior to 30.07.2013, the inception date of the Class B share, have been simulated to reflect the different fee structure by adjusting the Momentum Global Balanced Fund Class A share's past performance.

## ■ Market commentary

The nervousness which had been creeping into markets during July intensified in August, with growing fears of a more broadly based global economic slowdown than the manufacturing contraction evidenced in the past 9 months. Equities fell sharply across the board, with the largest falls in the most economically exposed sectors. In contrast, safe-haven government bond markets rose sharply, taking yields in many cases to new all-time lows.

Unsurprisingly, in a month when the economic news was almost universally gloomy, emerging markets led the falls. Whereas the developed world equity index fell by 2.0%, emerging markets were down by -4.9%, leaving them up only 3.9% year to date compared with a 15.2% rise in developed markets. In bonds, emerging markets were one of the very few sectors to fall in the month, with a return of -2.7%, compared to a 3.6% positive return from US Treasuries.

It was in fixed income that the most remarkable moves took place. Worries about recession and continuing low inflation, together with the change in interest rate expectations and shift to easier monetary policy across the world led to extraordinary moves in bond yields. The US Treasury yield curve inverted across most of the curve, including the widely watched 2 year-10 year, which is often seen as a reliable indicator of a forthcoming recession. Elsewhere yields fell to new all-time lows.

Less clear is how the ongoing issue of Brexit is ultimately resolved. The political situation in the UK is so fluid that predicting what might happen, is near impossible. However, it appears certain that the only way to resolve the impasse, now that the UK has a minority government with little prospect of enacting its policy objectives concerning either Brexit or domestic matters, is for a general election within the next few weeks. UK markets, as a result, have remained under a cloud of uncertainty and seem set to continue to underperform the rest of the world until some clarity finally begins to emerge.

We have pointed to the need for greater caution in our recent commentaries and that caution remains warranted. The economic backdrop has deteriorated, corporate earnings are under pressure especially in sectors most exposed to manufacturing, and markets are largely discounting sizeable policy easing by central banks in coming months. But the extent of the global slowdown needs to be kept in perspective; trade and manufacturing are contracting but the service sector continues to grow, albeit more slowly, employment remains strong and the consumer is generally in good shape. There are no signs of systemic financial problems nor capacity shortages, inflation and a sudden tightening of policy. With inflation subdued central banks have considerable flexibility in keeping policy ultra-loose for much longer, thereby extending this extraordinary cycle.

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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