

# Momentum Global Balanced Fund (Class B)

Month ended 31 October 2018

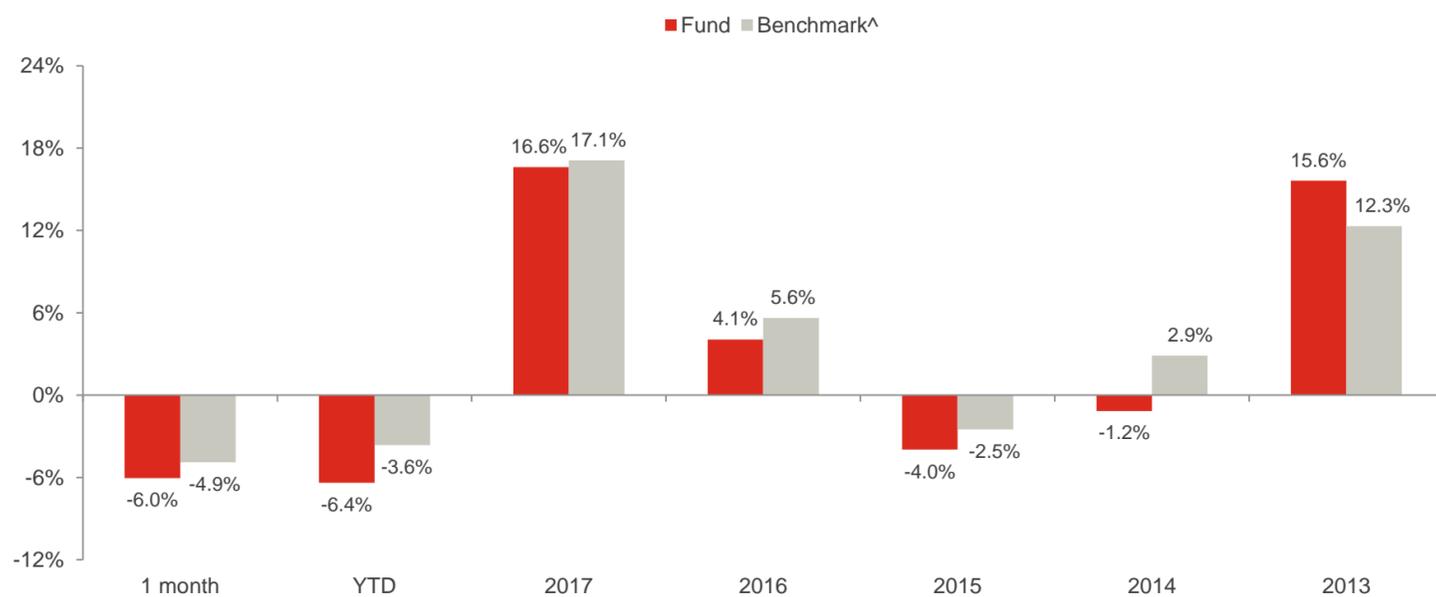
## Fund details\*

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>2.10%</b>
Benchmark: <b>60% MSCI AC World, 40% ICE BofAML Global Broad Market</b>		Price per share: <b>USD 1.2764</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> iShares \$ Treasury Bond 7-10yr	Fixed Income	6.4%
<sup>2</sup> Artisan	Equity	5.8%
<sup>1</sup> US Treasury Bond	Fixed Income	5.1%
<sup>2</sup> Jennison	Equity	4.6%
<sup>1</sup> iShares \$ TIPS	Fixed Income	4.4%
<sup>2</sup> Hotchkis & Wiley	Equity	3.7%
<sup>1</sup> iShares MSCI Emerging Markets	Equity	3.7%
<sup>1</sup> Momentum IF Global Emerging Markets	Equity	3.6%
<sup>1</sup> RWC Asia Convertibles (USD hedged)	Fixed Income	3.3%
<sup>2</sup> Lapidis	Equity	3.3%

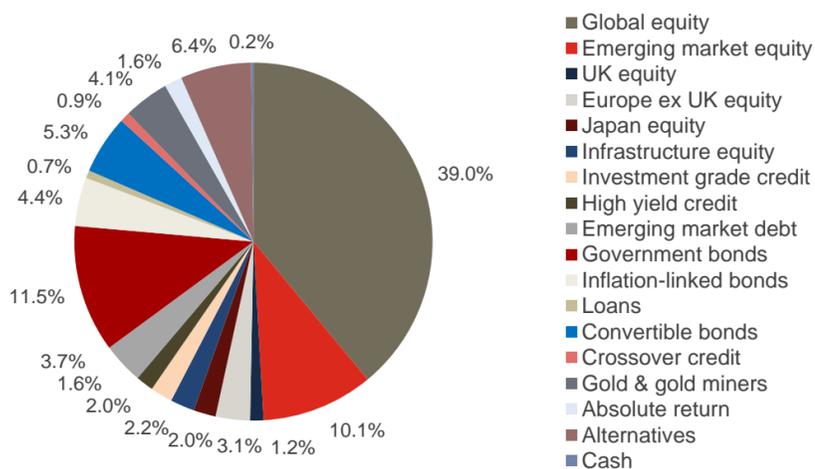
<sup>1</sup> Direct holding

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

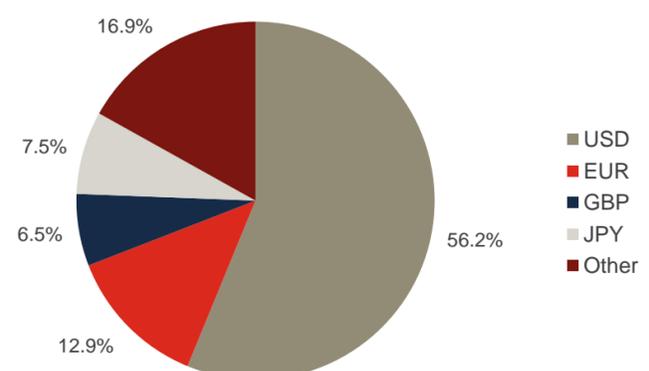
## Investment statistics (since investment strategy inception)\*\*\*

Current month return:	-6.0%
Cumulative return:	76.0%
Annualised return:	4.1%
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 September 2018, 2.10% 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

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.

## ■ 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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