Momentum Global Cautious Fund - Class B USD

Fund data for the month ending 30 September 2022

- **Manager**: Momentum Wealth International Limited
- **Investment manager**: Momentum Global Investment Management
- **Inception date (fund)**: 19 March 2008
- **Currency**: USD
- **Fund size**: USD 22.1 million
- **Value point**: 11:00pm (Guernsey time) on the relevant Dealing Day
- **Investment timeframe**: 3 years +
- **Subscriptions / redemptions**: daily

### Fund details

- **Accumulating, income received is not distributed**: Northern Trust (Guernsey) Limited
- **Custodian**: USD
- **USD 1.1545
- **USD 22.1 million
- **Money Market**: 4.6%
- **4.6%
- **11.5%
- **Fund size**: Global Cash² +2.5%
- **Infrastructure equity**: 3 years
- **4.4%
- **4.4%
- **4.4%
- **3 years annualised**: Global Cash +2.5%
- **5 years annualised**: Global Cash +2.5%
- **Since inception annualised**: Global Cash +2.5%

### Investment objective

The Fund is designed to offer capital preservation with some opportunity for capital appreciation over the medium term through investment in a diversified range of international asset classes and currencies. The Fund is ideally suited to investors with a low risk tolerance with an investment horizon of 3 years or longer. The Fund intends to achieve its investment objective through a diversified global portfolio primarily consisting of investments in participatory interests of portfolios of collective investment schemes or other similar schemes.

### Capital

- Probability of a capital loss or negative return in any 12 month period

### Fund performance

- **Cumulative returns**

### Top holdings

- **Holding**
- **Asset type**
- **Weight**

### Investment statistics (since inception)

- **Cumulative return**: 24.0%
- **Annualised return**: 1.5%
- **Annualised volatility**: 7.9%
- **Highest annual return**: 24.1% (Dec 2008 - Nov 2009)
- **Lowest annual return**: -21.4% (Oct 2021 - Sep 2022)

### Expected range of returns around the benchmark in any 12-month period

### Current asset allocation

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

### Currency allocation

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

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**Footnotes**:

1. Please refer to the fund supplement and scheme particulars for a detailed description of fees and fund facts.
2. Global Cash comprises two components: i) prior to 01.01.22 Global Cash was a composite of 50% ICE LIBOR 3M USD; 25% ICE LIBOR 3M EUR; 10% ICE LIBOR 3M GBP; 15% ICE LIBOR 3M JPY; ii) from 01.01.22 to present Global Cash is a composite of 50% ICE BofA 3M US Treasury Bill index; 25% ICE BofA 3M German Treasury Bill index; 10% ICE BofA 3M Sterling Government Bill index; 15% ICE BofA Japan Treasury Bill index. Prior to April 2019 the performance of the fund on this document was compared against a composite benchmark which comprised 30% MSCI AC World, 70% ICE BofA Global Broad Market. 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 lower TER imply a good return. A current TER may not necessarily be an accurate indication of future TERs. The TER to 30.06.22 is based on data for the period from 30.06.21 to 30.06.22 and the financial year-end TER is based on data for the financial year-end to 30.06.22. 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 custodial charges or fees.
3. Current asset allocation figures reflect the strategy classification of the collective investment schemes (or similar schemes) held by the Fund and do not look through the underlying holdings of such schemes.
Market commentary

All the gains in markets between mid-June and mid-August were erased in September. The principal cause of the sharp falls in markets was the persistence of high inflation rates across much of the developed world, triggering increasingly hawkish policy moves by central banks, with the Fed in the vanguard dispelling any doubts about their resolve to bring inflation firmly under control, even if that means higher unemployment, a weak housing market and an extended period of below trend growth. Other central banks also tightened policy more aggressively. Most notable was the ECB, which faces even more challenging inflationary conditions than the Fed, leading to a further 75bps hike in September.

Commodity prices fell sharply, including the critical natural gas markets in Europe, and there is increasing evidence that supply chain pressures, while still high, are easing. Despite the falls in September, energy price levels are still 8-10x those prevailing two years earlier in the EU, and 5-6x in the UK. Price rises of this magnitude, combined with high inflation and the sharp tightening of monetary policy, are damaging confidence of households and businesses.

The household and corporate sectors are in a healthy financial state and banks have very strong balance sheets and large capital buffers to weather the upcoming storm. There are no signs of significant systemic risks ahead, however, just as central banks were late in tightening policy to contain inflation, so they risk overkill by tightening too far.

Developed markets, measured by the MSCI World index, returned -9.3% over the month, with the US returning -9.2% while the UK returned -4.8% in local currency terms. Emerging markets fell 11.7% in local terms. Bond markets returned -5.3% in September, as measured by the Bank of America Merrill Lynch Global Broad market index, with US Treasuries returning -3.3% and US corporate investment grade bonds returning -5.3%.

The carnage across financial markets so far this year might not yet represent the moment of maximum risk aversion, but it has brought that time much closer. With peak inflation approaching, policy tightening well underway and growth slowing, markets will start to discount the recovery which will surely come. Patience, a longer-term perspective, and sensible diversification are invaluable at times like this, to avoid missing out on the early fruits of that recovery.

Source: Bloomberg Finance LP, Momentum Global Investment Management Limited.

Fees applicable to Class B participating shares

Management and administration fee (per annum): 0.21%

subject to a minimum of USD 22,000 per annum

Performance fees are not applicable to this Fund

Investment management fee (per annum): 0.30%

Performance fees: 0.00%

Other applicable fees (per annum):

Distribution fees: 0.00%

Custody fees: 0.04%, subject to a minimum of USD 8,000 per annum.

( Custodian fee per transaction: USD 25)

Directors’ fees: 0.00%

Risk warnings and important notes

Performance figures prior to 20.10.2011, the inception date of the Class B share, have been simulated to reflect the different fee structure by adjusting the Momentum Global Cautionary Fonds Class A share's past performance.

Collected income sometimes 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.

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

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 market 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 exposure to market movements or changes in the value of investments in such funds, 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 swap 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 or 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 correlate to the investments in the Fund and accordingly not fully reflect changes in the value of the investment, giving rise to potential net gains or losses.

Forward contracts are not traded on exchanges or standardised. Principals trading 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.

Investors in the Fund may not be suitable for all investors. Investors should obtain advice from their financial advisor 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 same 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 Plederie House, La Plederie, St Peter Port, Guernsey, GY1 1WF, Telephone 0044 1481 735480, or from our website www.momentum.co.gy. A schedule of similarities and differences is also available to South African investors and can be found on our website www.momentum.co.gy.

Returns are not or cannot be construed as investment South Africa and may be offered or guidance or proposal or recommendation in any form whatever, whether relating to the Fund or its underlying investments. It is not 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 for any losses arising from errors or omissions in the information.

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Momentum Global Cautionary Fund ICC Limited is a registered incorporated cell of Momentum Mutual Fund ICC Limited, with registered number 47777.

Momentum Global Cautionary Fund Limited Share Class B is approved under the South African Collective Investment Schemes Control Act (No. 45 of 2002).

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Momentum Collective Investments (RF) (Pty) Ltd a South African company registered No. 1987/002487/07, 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 111 898 Telephone +27 (0) 12 675 3022 Facsimile +27 (0) 12 675 3899.

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