Momentum Global Managed Fund - Class B USD

Fund data for the month ending 30 September 2022

**Fund details**

**Manager:** Momentum Wealth International Limited
**Investment manager:** Momentum Global Investment Management

**Inception date (fund):** 19 March 2008
**Currency:** USD

**Managed assets:** USD 100.3 million

**Accumulating, income received is not distributed:** Northern Trust (Guernsey) Limited

**Target:**
- Initial fee: none
- Financial year-end TER: 1.00%
- TER: 1.00%
- ASIBA sector: Fund of funds

**Subscriptions cut-off time:**
Written notice to redeem must be received by the Administrator by no later than 12:00 noon (Guernsey time) on the Business Day immediately preceding the relevant Deal Day, with cleared funds to be received by 4.00pm (Guernsey time) three Business Days after the relevant Deal Day.

Up to date Fund prices per share are available on www.morningstar.co.za or upon request from the Manager or Administrator.

**Investment objective**

The Fund is designed to offer a balance between capital preservation and capital appreciation over the medium to long term through investment in a diversified range of international asset classes and currencies. The Fund is ideally suited to investors with a medium risk tolerance with an investment horizon of 5 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.

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**Fund performance**

**Holdings**

- Recreo Multi-Factor Global Equity
- BlackRock US Dollar Ultra Short Bond
- Morgan Stanley Global Sustainable Equity
- US TIPS
- Morant Wright Fuji Yield
- Fidelity Emerging Markets
- Jennison Global Equity Opportunities
- Amundi Global Systematic Fixed Income
- Hereford Bin Yuan Greater China
- Muzinich EnhancedYield Short-Term (USD hedged)

**Asset type**

- Equity
- Money Market
- Fixed Income
- Equity
- Equity
- Equity
- Fixed Income
- Equity
- Fixed Income

**Weight**

- 22.2%
- 8.4%
- 5.9%
- 5.8%
- 4.9%
- 4.8%
- 3.9%
- 3.5%
- 3.4%
- 2.9%

**Top holdings**

- Direct holding
- Indirectly held in the Momentum GF Global Equity Fund
- Indirectly held in the Momentum IF Global Fixed Income Fund


**Current asset allocation**

- Global equity: 39.4%
- US equity: 13.3%
- Japan equity: 9.0%
- Private equity: 7.4%
- Investment grade credit (fixed income): 6.5%
- Emerging market debt (fixed income): 6.2%
- Asset backed securities (fixed income): 5.4%
- Inflation-linked bonds (fixed income): 4.9%
- Listed property: 4.3%
- Cash & money market: 4.2%


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**Currency allocation**

- USD: 48.2%
- EUR: 11.9%
- GBP: 7.4%
- JPY: 13.3%
- Other: 19.2%

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This communication is issued by Momentum Global Investment Management Limited, of 62 Queen Street, London EC4R 1EB

Issue date: 12 October 2022
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 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

<table>
<thead>
<tr>
<th>Performance fee (per annum):</th>
<th>0.21% subject to a minimum of USD 22,000 per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment management fee (per annum):</td>
<td>0.30%</td>
</tr>
<tr>
<td>Performance fees:</td>
<td>0.00%</td>
</tr>
<tr>
<td>Other applicable fees (per annum):</td>
<td></td>
</tr>
<tr>
<td>Distribution fees:</td>
<td>0.00%</td>
</tr>
<tr>
<td>Custody fees:</td>
<td>0.04%, subject to a minimum of USD 8,000 per annum.</td>
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<tr>
<td>Custodian fee per transaction:</td>
<td>USD 25</td>
</tr>
<tr>
<td>Directors’ fees:</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

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 Managed Fund Class A share’s past performance.

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.

Deducting the 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: any investments in other collective investment schemes 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 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 performance of the investment 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 purposes, the securities of the Fund may be pledged. No scrip borrowing will be allowed. The Call 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 losses.

Forward contracts are neither traded on exchanges nor 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 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 security 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 Pliaderie House, La Pliaderie, St Peter Port, Guernsey, GY1 1WF. Telephone 0044 1481 735480, or from our website www.momentum.co.gg. A schedule of similarities and differences is also available to South African investors and can be found on our website www.momentum.co.za.

This report should not be construed as investment advice, or investment advice or guidance 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 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.

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

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