

FGAM Global Cautious Fund IC Limited

quarter ended 30 June 2022

Q2



FG ASSET MANAGEMENT

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1. Participatory interests and Net Asset Value



Class of Shares	Shares In Issue	Price Per Share	Total Net Asset Value
Share Class A	8,182,845.88	1.2114	\$ 9,912,462.30
Share Class B	10,492,434.35	1.0897	\$ 11,433,882.04

Source: Momentum Global Investment Management, 30 June 2022.

2. Investment policy & objective

Investment objective

A conservative portfolio with an emphasis on capital preservation over capital appreciation during the full investment cycle, with a significant proportion of the portfolio held in the base currency aiming to achieve a reduced level of volatility. 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.

Investment policy

The Fund intends to achieve its investment objective through a diversified global portfolio that invests primarily in participatory interests of portfolios of collective investment schemes or other similar schemes. The Fund will invest in participatory interests of underlying portfolios which provide exposure to investments in a wide range of asset classes including but not limited to cash and/or money market instruments, bonds, property, commodities and international equities. The Fund may also invest in participatory interests of underlying asset allocation portfolios which provide exposure to a combination of the asset classes. The Fund may also invest in transferable securities. The portfolio has flexibility in terms of currencies and asset allocation both between and within asset classes, countries and regions.

The Fund may invest in the units of collective investment schemes which are also managed by the Manager or an associate of the Manager. Neither the Manager nor any such associated company shall be liable to account to investors for any profit, charges or remuneration made or received by the Manager or any such associated company and the Manager's fee shall not be abated thereby.

The Fund may invest in forward foreign currency exchange contracts for hedging purposes.

Portfolio analysis

During the quarter, the fund manager has continued to manage the portfolio in accordance with the objective and policy stated above.

3. Fund and index performance Share Class A



Fund & Index returns

Performance to 30 June 2022					
Returns (USD)	3 months	1 year	3 years annualised	5 years annualised	Since Inception annualised
FGAM Global Cautious ¹	-9.23%	-12.74%	-1.84%	-0.24%	1.20%
Benchmark ²	-9.97%	-13.64%	-0.15%	1.85%	3.31%

Performance to 30 June 2022					
Index returns (USD)	3 months	1 year	3 years annualised	5 years annualised	Since Inception annualised
Global equity ³	-15.66%	-15.75%	6.21%	7.00%	5.79%
ICE BofAML Gbl Brd Mkt TR USD	-8.16%	-15.74%	-3.61%	-0.78%	2.34%

Cumulative returns

	Highest performance	Lowest performance	Cumulative performance
2006	+3.1% (Nov 2006)	-2.3% (Jun 2006)	7.3%
2007	+2.4% (Sep 2007)	-1.8% (Dec 2007)	6.3%
2008	+2.2% (Dec 2008)	-8.7% (Oct 2008)	-18.5%
2009	+3.6% (May 2009)	-3.5% (Jan 2009)	6.9%
2010	+3.2% (Jul 2010)	-3.7% (May 2010)	1.4%
2011	+3.3% (Oct 2011)	-6.4% (Sep 2011)	-2.6%
2012	+4.2% (Jan 2012)	-4.2% (May 2012)	10.6%
2013	+2.9% (Sep 2013)	-3.8% (Jun 2013)	6.4%
2014	+2.4% (Feb 2014)	-1.8% (Sep 2014)	1.5%
2015	+5.1% (Oct 2015)	-3.8% (Aug 2015)	-3.5%
2016	+4.1% (Mar 2016)	-4.8% (Jan 2016)	2.7%
2017	+1.9% (Jul 2017)	0.1% (Oct 2017)	11.0%
2018	+2.2% (Jan 2018)	-4.2% (Oct 2018)	-6.5%
2019	+4.1% (Jan 2019)	-2.4% (May 2019)	9.6%
2020	+3.9% (Apr 2020)	-9.2% (Mar 2020)	2.9%
2021	+3.0% (Apr 2021)	-2.3% (Sep 2021)	2.5%
Since inception	+5.1% (Oct 2015)	-9.2% (Mar 2020)	21.1%

¹Inception date May 2006

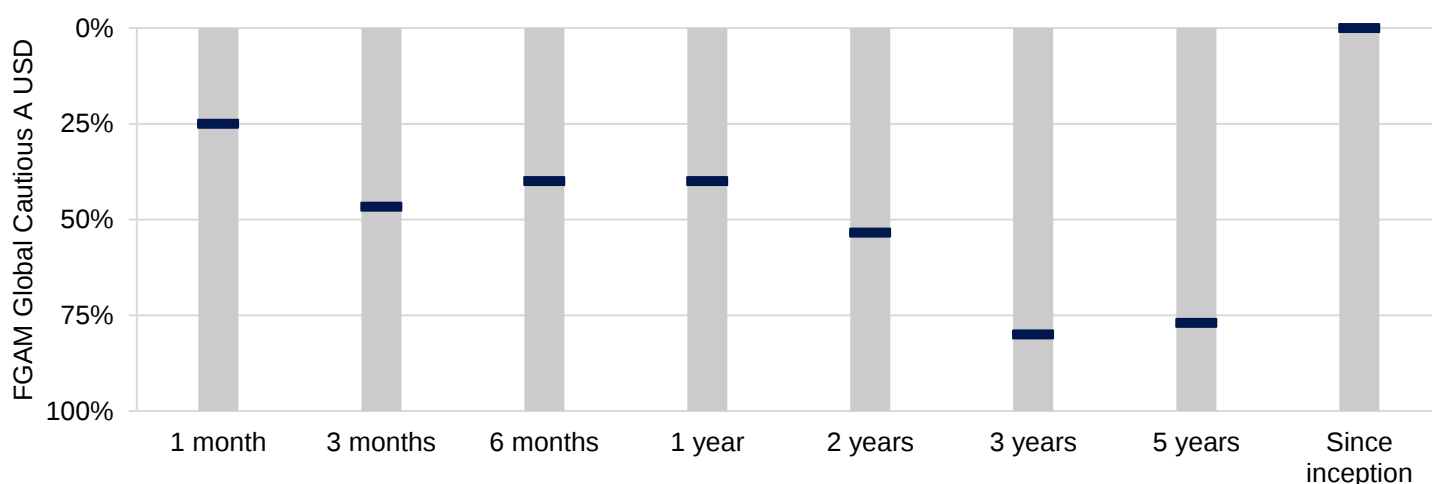
²25% MSCI AC World, 50% Citigroup WorldBIG, 10% S&P Global Property, 10% LIBOR USD 7 day, 5% LIBOR EUR 7 day.

³The equity component of the fund benchmarks changed from the MSCI World Index to the MSCI AC World Index on 1 October 2011.

Source: Morningstar, Lipper Hindsight, Northern Trust International Fund Administration Services (Guernsey) Limited. 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. NAV to NAV figures have been used for the performance calculations.

The performance is calculated for the Fund. The individual investor performance may differ, as a result of various factors, including the actual investment date. Investment performance calculations are available for verification upon request. Annualised returns are period returns re-scaled to a period of 1 year. This allows investors to compare returns of different assets that they have owned for different lengths of time. Actual annual figures are available to investors upon request. The global equity (MSCI AC World from 1 August 2011, MSCI World prior to 1 August 2011), global fixed income (Citi WorldBIG) and cash (LIBOR USD 7-Day from 1 August 2011, LIBID USD 7-Day prior to 1 August 2011) returns shown are those of the three components of the fund's benchmark. Peer group median: Morningstar USD Cautious Allocation.

FGAM Global Cautious versus peers



	1 month	3 months	6 months	1 year	2 years	3 years	5 years	Since inception
FGAM Global Cautious A USD Peer Rank	5/17	8/16	7/16	7/16	9/16	13/16	11/14	1/4
Fund Performance	-4.3%	-9.2%	-12.9%	-12.7%	-1.4%	-1.8%	-0.2%	1.2%
Peer Max	-2.6%	-4.3%	-5.4%	-5.8%	2.2%	1.9%	2.5%	1.2%
Peer Min	-6.7%	-13.6%	-19.6%	-21.1%	-4.2%	-5.4%	-2.6%	-1.7%
Peer Median	-4.6%	-9.4%	-14.4%	-13.9%	-1.3%	-0.5%	0.6%	0.4%
Quartile Rank	1	2	2	2	3	4	4	1

Source: Morningstar, Peer group median: Morningstar USD Cautious Allocation. **Past performance is not indicative of future returns.**

4. Total Expense Ratio

The Total Expense Ratio (TER) is a measure of the total costs associated with managing and operating an investment fund. These costs consist primarily of management fees, custody fees, administration fees plus additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the Fund is divided by the Fund's total assets to arrive at a percentage amount, which represents the TER.

The size of the TER is important to investors, as the costs come out of the Fund, affecting investors' returns. For example, if a Fund generates a return of 5% for the year but has a TER of 2%, the 5% gain is diminished (to roughly 3%).

The TER of this Fund at the end of the quarter was;

Share Class A*

1.34%

Share Class B**

1.14%

* TER: 1.34% - The FGAM Global Cautious Fund USD Class A has a Total Expense Ratio (TER) of 1.34%. The TER to 30 June 2022 is based on data for the period from 30 June 2021 to 30 June 2022; 1.34% of the Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. The ratio does not include transaction costs. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

** TER: 1.14% - The FGAM Global Cautious Fund USD Class B has a Total Expense Ratio (TER) of 1.14%. As at 30 June 2022, 1.14% of the Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. The ratio does not include transaction costs. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TERs.

A schedule of fees can be found in the Fund's scheme particulars and Minimum Disclosure Document, which can be obtained from the Manger's website www.momentum.co.gg

At the halfway point of the year, most traditional investments have fallen sharply in value, including global equities, global bonds, property and to a lesser extent gold. The falls also extend to certain commodities like aluminium (-12.9%) and copper (-15.0%), as well as much touted alternative diversifiers like Bitcoin, down approximately 60%.

Bonds have looked exposed for a long time. Despite an extended period during which countries functioned smoothly with zero interest rates, this still amounted to emergency monetary policy that was guaranteed to show up in inflation at some point. Bonds and other asset classes that were priced on the basis that interest rates would stay at zero forever, were therefore overdue a sizeable correction. However, we believed that growth in 2022 would be sufficient to support other investments, including pockets of the equity markets, and this view has been severely challenged by events in Eastern Europe, which have exacerbated supply problems and the cost of essential raw materials and thus weighed on potential growth.

High inflation can be damaging for economies, hence central banks are wrestling to bring price rises under control by raising interest rates. While slowing growth is bad for many asset classes, rising real interest rates are universally bad for all asset classes, on the basis that a higher return on low risk dollar cash justifies paying less for all other asset classes, and this is why we've seen broad-based weakness this year.

The Fund's asset allocation policy contributed positively to returns during the second quarter. At the start of the quarter we allowed our equity weight to drift down and we were cautious in deploying new capital into falling markets, which proved to be the correct decision. Holding gold and cash in place of a larger allocation to government bonds was also beneficial, and our infrastructure positions continued to outperform following a good first quarter.

Within fixed income, US Treasuries performed well relative to other developed markets like the UK and Europe. Meanwhile our curve positioning proved mixed, with the middle of the curve outperforming the long end, which we are underweight, but also the front end, which we are overweight. The market cut its expectation of future US inflation despite signs of inflationary pressures broadening out into parts of the economy where it tends to persist for longer, and as a result our TIPS (Treasury Inflation Protected Securities) positions underperformed.

The key detractor from performance was equity manager selection. Our global growth manager, Sands, continued to see broad-based weakness across their stocks. They remain diversified however, meaning that no position detracted more than 2% from performance, despite companies like Shopify seeing their share prices cut by more than 50% in the quarter. Our value managers outperformed but not by enough to offset this impact from Sands, primarily due to poor stock selection in companies like Warner Bros Discovery, General Electric and Meta (formerly Facebook).

The outlook for markets depends on what happens to interest rates, which in turn depends on inflation, which in turn depends on a solution being found to key supply-side issues (given it is much easier to manage the demand side of the economy at this juncture). But to understand the outlook for supply, one needs to step into the minds of key actors like Presidents Putin and Xi Jinping. At times like this it is useful to take a longer term perspective. Most investments derive their value from many quarters of future profits, not just the next one or two (which look set to be challenging).

Economies are remarkably resilient in the face of supply disruption, and we enter this latest period of uncertainty with household and corporate balance sheets in good shape and thus able to withstand shocks. In that context, companies should continue to be able to grow profits over the long term. While bond positions have been marked down year to date, from today's lower starting point, investors will now earn a higher rate of return going forwards, assuming the underlying borrowers are sound and hence those bonds are repaid at close to par.

*Source: Morningstar / Bloomberg. June 2022. **Past performance is not indicative of future returns.***

6. Top ten holdings

FGAM Global Cautious March 2022			
	Security	Asset class	Weight
1	BlackRock Euro Ultra Short Bond	Money Market	16.7%
1	iShares \$ Treasury Bond 1-3yr	Fixed Income	15.6%
1	iShares \$ TIPS	Fixed Income	9.4%
1	iShares Physical Gold ETC	Commodities	6.2%
1	iShares US Corporate Bond Index	Fixed Income	4.9%
1	BlackRock US Dollar Ultra Short Bond	Money Market	4.6%
1	iShares \$ Treasury Bond 3-7yr	Fixed Income	4.5%
2	Robeco Multi-Factor Global Equity	Equity	3.8%
1	Artisan Global Value	Equity	3.5%
1	Maple-Brown Abbott Global Infrastructure	Infrastructure	3.3%
			72.5%

FGAM Global Cautious June 2022			
	Security	Asset class	Weight
1	iShares \$ Treasury Bond 1-3yr	Fixed Income	17.30%
1	BlackRock Euro Ultra Short Bond	Money Market	17.10%
1	iShares \$ TIPS	Fixed Income	9.90%
1	iShares \$ Treasury Bond 3-7yr	Fixed Income	9.00%
1	iShares Physical Gold ETC	Commodities	6.50%
1	iShares US Corporate Bond Index	Fixed Income	5.10%
1	Maple-Brown Abbott Global Infrastructure	Infrastructure	3.50%
2	Robeco Multi-Factor Global Equity	Equity	3.40%
1	Artisan Global Value	Equity	3.30%
1	Catalyst Global Real Estate	Property	2.80%
			77.9%

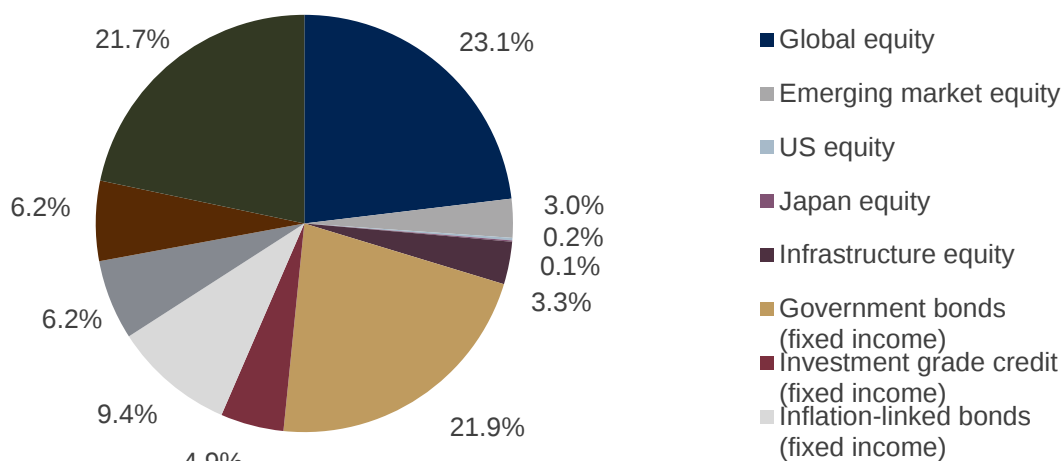
Source: Momentum Global Investment Management, June 2022.

Past performance is not indicative of future returns.

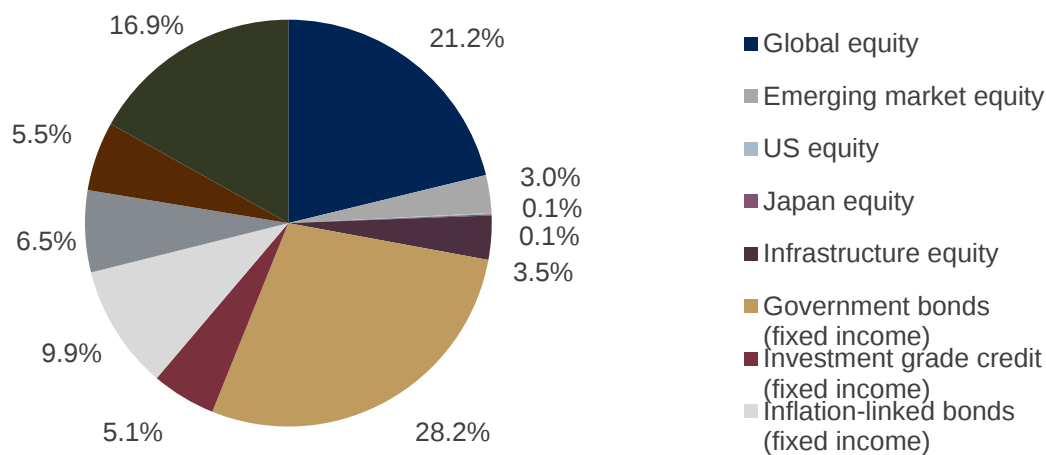
7. Fund exposures

Asset allocation*

March 2022



June 2022

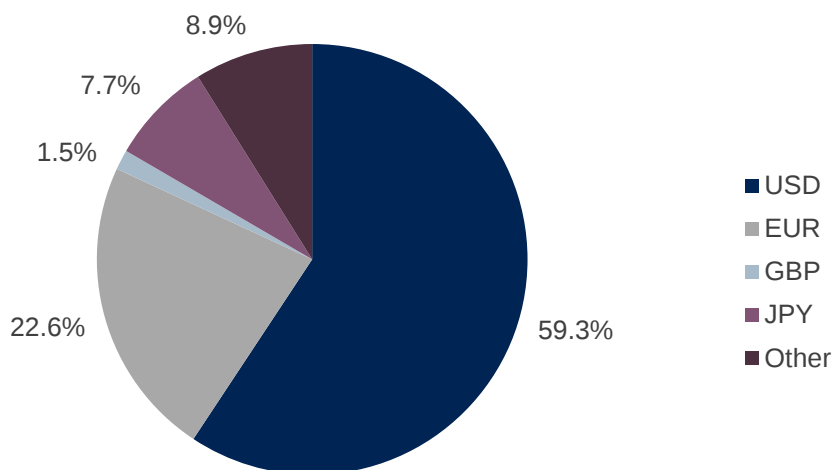


*Asset allocation figures reflect the strategy classification of the collective investment schemes (or similar schemes) held by the Fund and do not look through to the underlying holdings of such schemes.

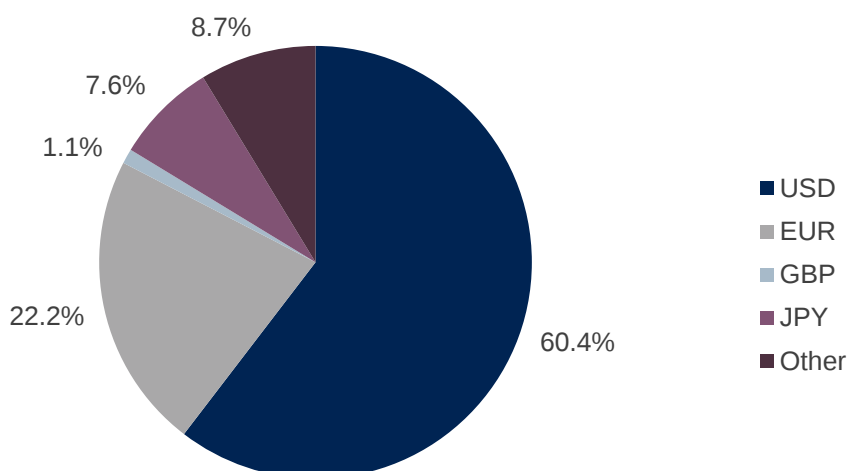
Source: Momentum Global Investment Management, June 2022.

Currency Allocation

March 2022

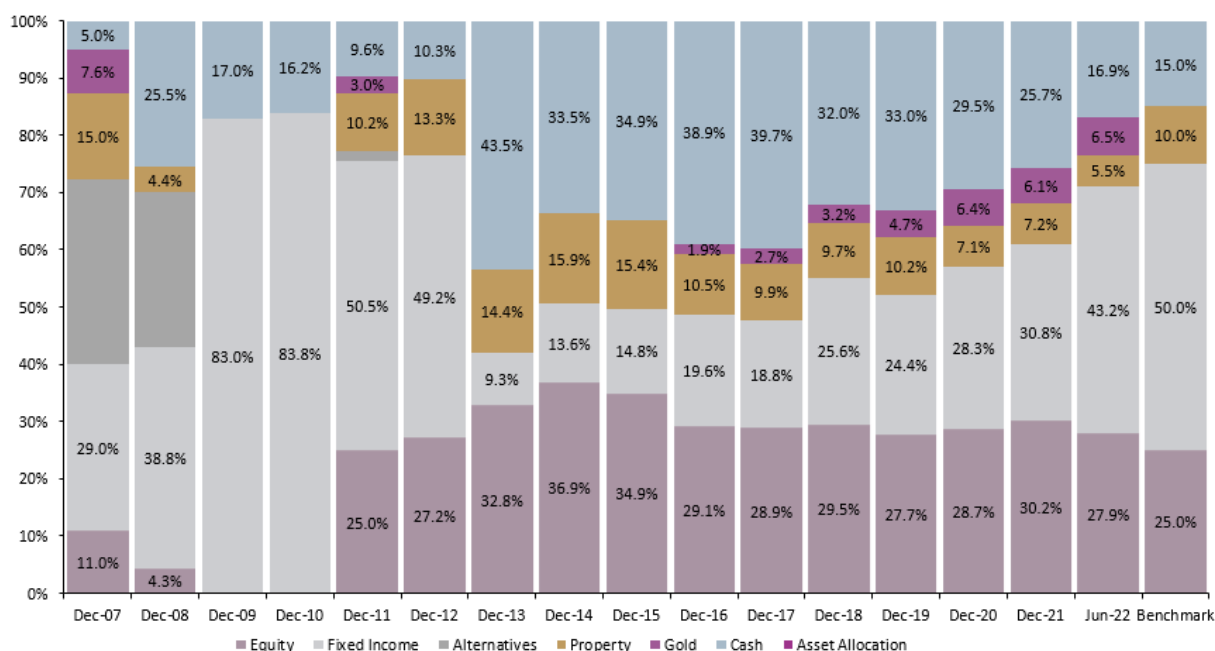


June 2022



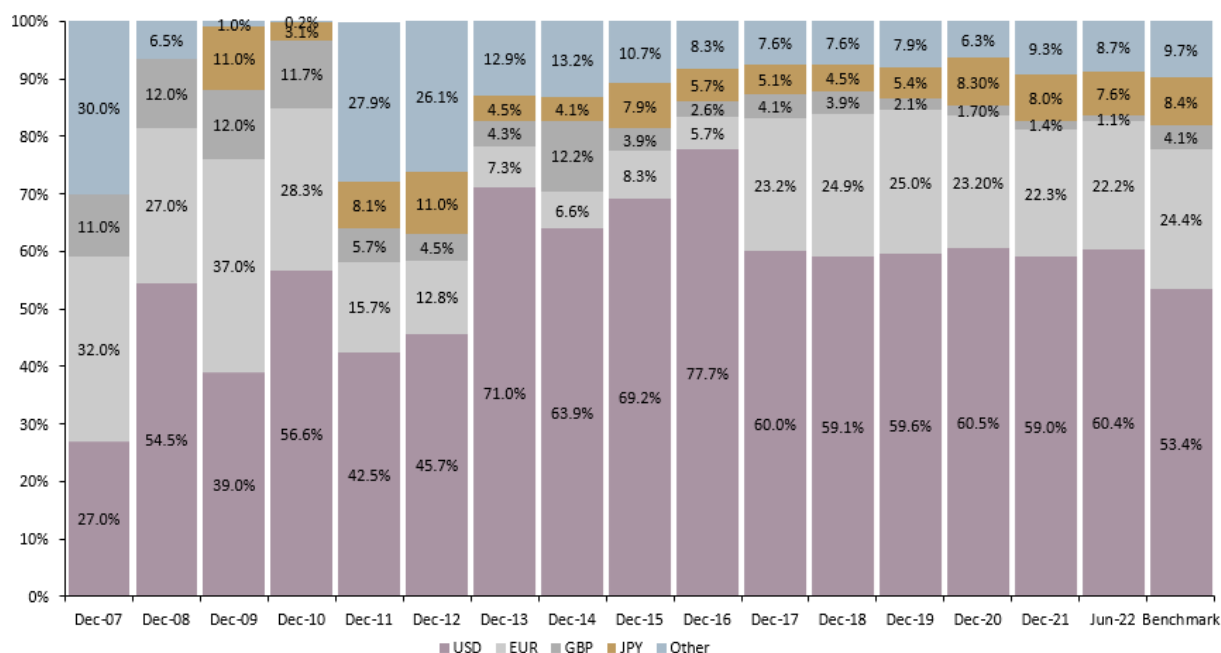
Source: Momentum Global Investment Management, June 2022.

Asset allocation over time



Source: Momentum Global Investment Management, June 2022

Currency allocation over time

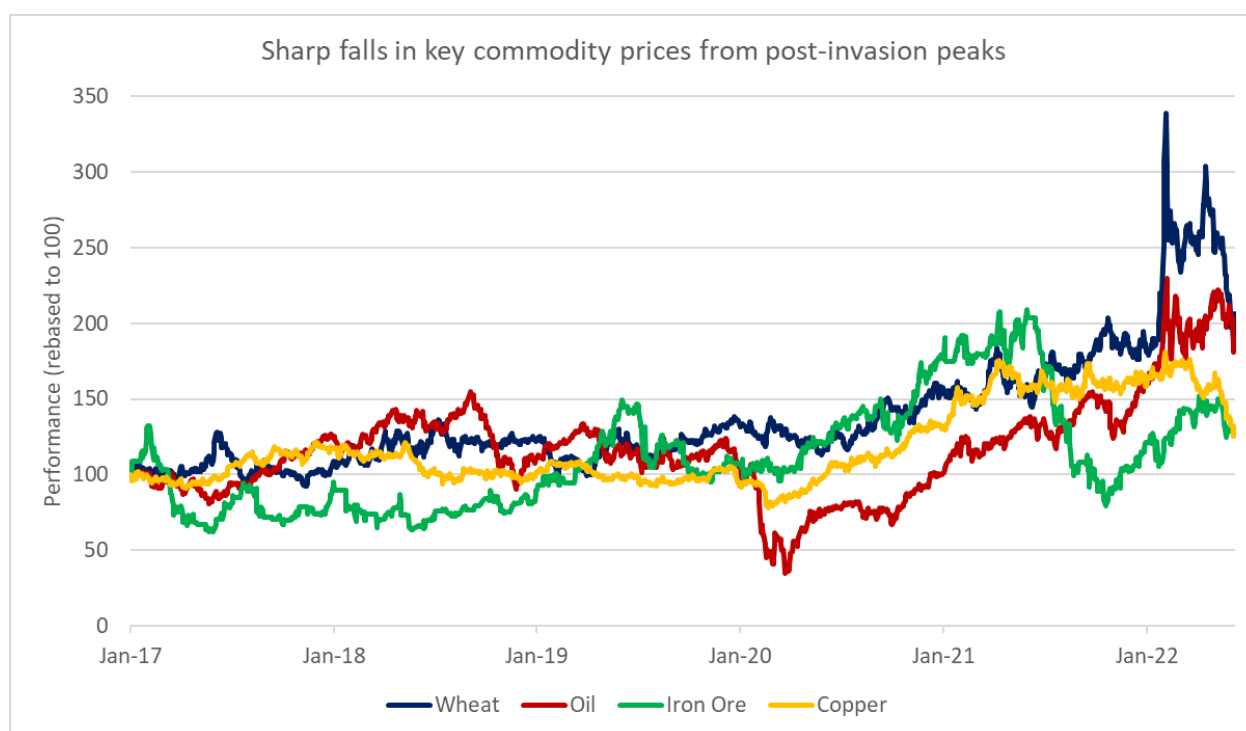


Source: Momentum Global Investment Management, June 2022.

Past performance is not indicative of future returns.

Q2 2022 Review

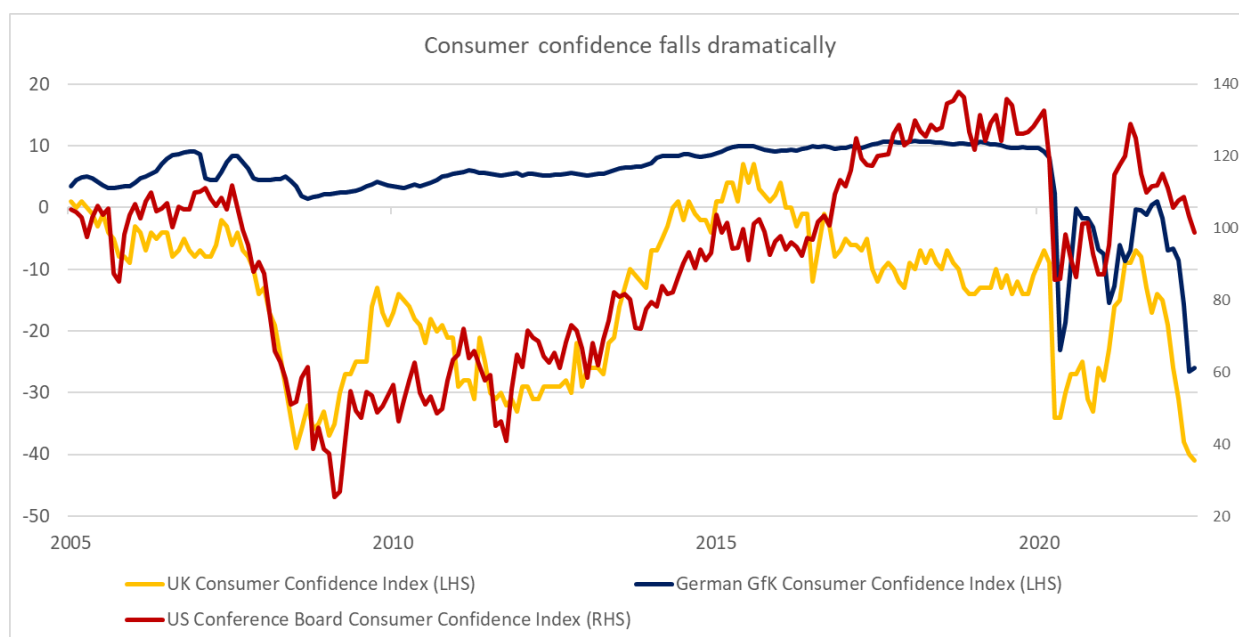
The sharp downturn in financial markets this year broadened and deepened in the second quarter, resulting in an exceptionally difficult six months for investors. While in Q1 there were some pockets of strength – commodities, gold, UK large-cap equities, and a small number of emerging equity markets and currencies, in the second quarter the only positive returns of note came from oil and Chinese equities. With the dollar surging throughout the period, the only safe haven to preserve capital in dollar terms was US dollar cash. Developed equities returned -16% in Q2, led by the US, and are now down by over 20% YTD. Emerging markets were helped by a +3% return from the largest index constituent, China, in Q2, but still produced a sizeable loss, -11%, taking the YTD return to -18%. Highly unusual in a period of heightened risk aversion, safe haven government bonds offered no protection: US Treasuries returned -3.9% in Q2 and -8.9% for the first half of the year, a scale of decline rarely seen in the asset class. Credit fared even worse, with equity-like returns in Q2 and H1: investment grade bonds -7.3% and -14.4% respectively, high yield -9.8% and -14.2%, and emerging market debt -12.5% and -26.6%. While gold and broad commodities had surged on Russia's invasion of Ukraine, in Q2 they fell back, in some cases sharply, in the face of a strong dollar and rising risks of recession, with only energy markets holding up. Gold was down by 6.7% while agricultural and base metal markets fell sharply in many cases: copper was down by 22%, iron ore 19% and wheat 14%. Even crude oil softened as the quarter progressed, and although it was up by 6% in Q2, it fell by 6% in June and is down by over 10% from the peak immediately following Russia's invasion of Ukraine.



Sources: Momentum Global Investment Management, Bloomberg Finance L.P. as at 8 July 2022

It would be difficult to construct a more challenging backdrop for markets than that of the past six months. The extraordinary effects of the pandemic on supply chains, the ensuing massive loosening of fiscal and monetary policy, and the release of pent-up demand as Covid restrictions ended, reawakened inflation. Central banks misjudged the persistency of the inflation, and across much of the developed world have been forced into an aggressive tightening of policy. The challenges faced by policy makers were then compounded by Russia's act of aggression, exacerbating inflation, especially of food and energy, damaging business and consumer confidence, and triggering intense uncertainty and fears of global recession.

For much of the past nine months inflationary concerns have dominated the narrative but in recent weeks the fear of recession has taken hold. High energy and food prices are dampening consumer confidence and discretionary spending, corporate margins are under pressure from surging producer input prices, and rising interest rates are discouraging spending and investment. Whether there is a technical recession of two consecutive quarters of negative growth is in a sense a moot point; what is beyond doubt is that a sharp slowdown in growth across much of the world is underway with inevitable consequences for corporate earnings. It also adds complexity to the difficult balancing act of central banks attempting to rein in inflation without pushing economies into recession. Yet much of the inflation they are trying to control, energy and food prices, is beyond the immediate reach of monetary policy, raising the question of how deep the slowdown will need to be to bring inflation down sustainably to central bank targets of around 2%.

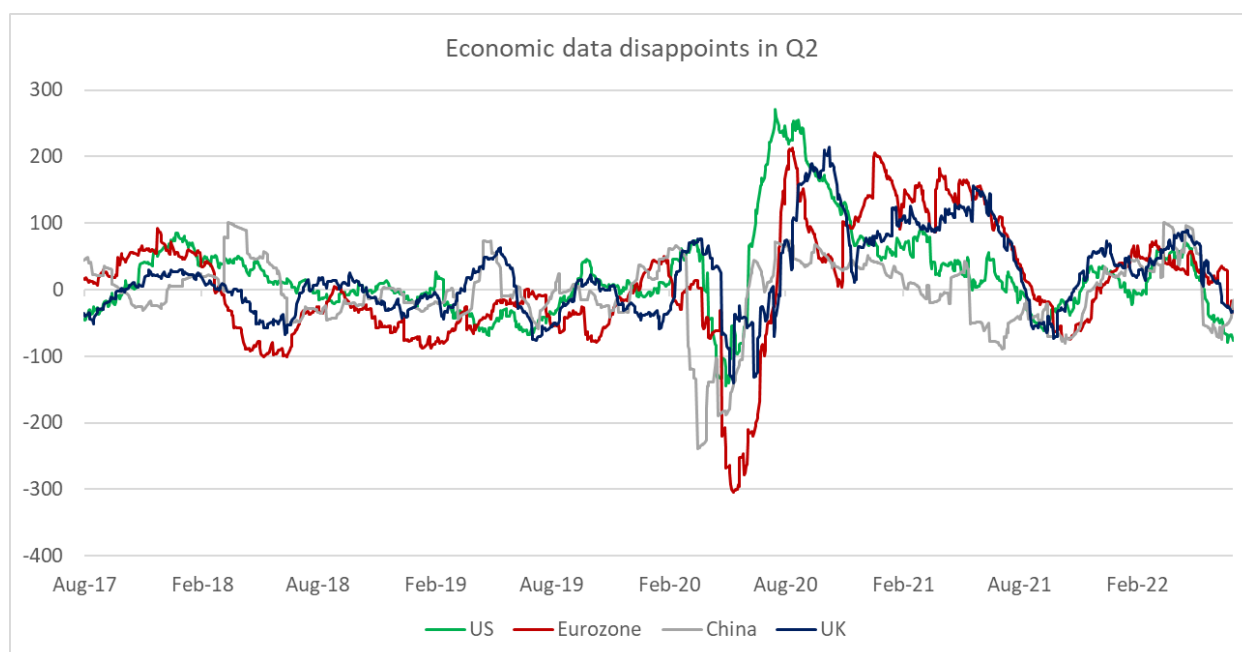


Sources: Momentum Global Investment Management, Bloomberg Finance L.P. as at 30 June 2022

The intense uncertainties, the substantial risks of misjudgements and policy error, the inevitable monetary tightening ahead, and the unquantifiable tail risk of escalation of the Russian-Ukraine conflict, add up to a potentially potent mix and make it easy to be bearish for the second half of the year and maybe beyond. But investing is never quite so easy.

The bearish signals are in full view:

1. Inflation across much of the developed world has exceeded expectations for most of the past year; consumer price inflation is running at 8-10% in the US, Europe and UK, and producer prices at double digit rates with a whopping 36% rise in the Euro Area.
2. Energy and food prices have driven the surge, but inflation has broadened out, core inflation is at 40-year highs of 6% in the US and is far above policy interest rates, suggesting that considerable tightening will be required to rein in price rises should they not slow of their own accord as demand wanes and global supply chains begin to normalise.
3. Tight labour markets have led to a sharp uptick in US wage inflation, now running at 6%, raising the spectre of a wage-price spiral.
4. Central banks have shifted policy expectations dramatically in the past six months. The Federal Reserve (Fed) has progressively accelerated its policy tightening plans, with a 75bps rise in Fed Funds in June; signalling that it intends raising rates much further in coming months to reach around 3-3.5% by year end, a level which it regards as restrictive, being above its long term neutral rate of 2-2.5%; and an end to its QE asset purchase programme by selling off its huge bond portfolio, beginning in June at \$47.5bn per month, and at \$95bn per month from September, an annualised rate of over \$1tn, a liquidity drain that is only just beginning.
5. There is increasing evidence of weakening confidence among businesses and consumers and a slowdown in growth as price rises bite into discretionary spending. In the US, 30-year mortgage rates have risen to close to 6% from 3% nine months ago, and signs of a slowdown in the housing market are emerging, with mortgage applications and housing starts turning down. Citibank's economic surprise indices have fallen sharply in the US and Europe in recent months. Leading indicators have also fallen and are approaching the 50 threshold that marks the difference between expansion and contraction. The Atlanta Fed GDPNow real time forecast of GDP growth in the US in Q2 has fallen to -2.1%, compared with expansion of over 6% at the start of the year.

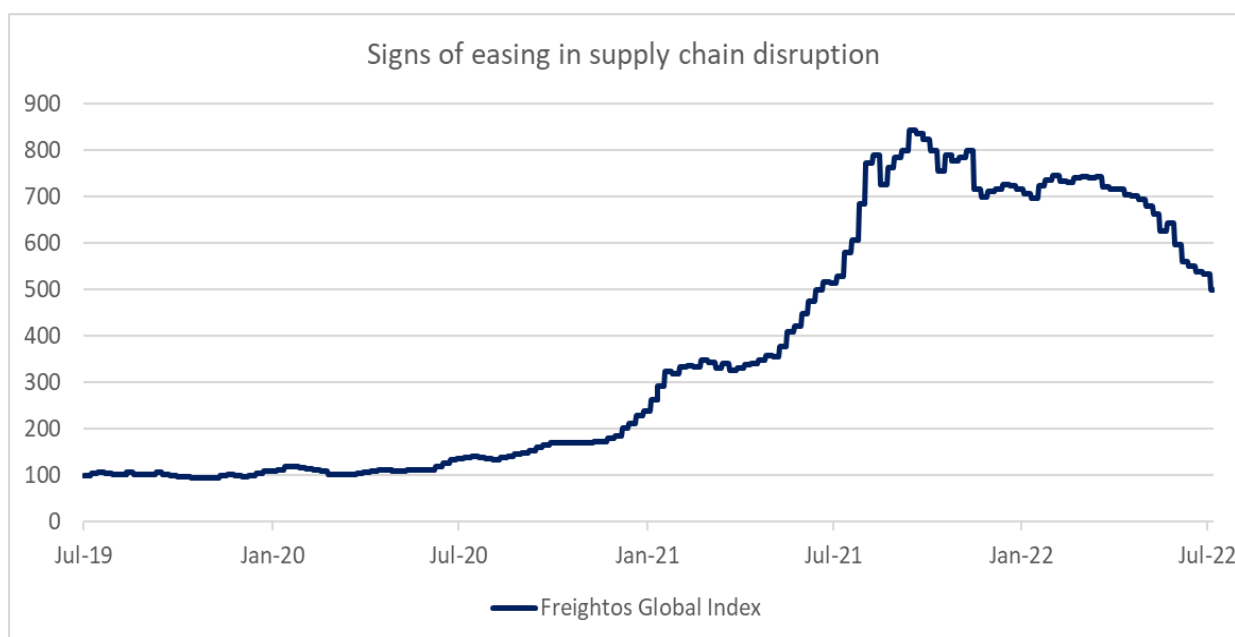


Sources: Momentum Global Investment Management, Bloomberg Finance L.P. as at 7 July 2022

6. The US dollar has surged higher this year, up 6.5% in Q2 and 9.4% YTD on a trade weighted basis. A strong dollar is deflationary for large parts of the world, as nearly all commodities and goods are traded in dollars, and most international debt is denominated in dollars, with a rising dollar pushing costs and liabilities higher.
7. The war in Ukraine shows all the signs of being long, attritional and increasingly a proxy war between Russia and the West. The longer it goes on the higher is the risk of escalation, and the greater the damage globally to food and energy supplies.
8. The Fed's and other central banks' policy pivots this year have already tightened financial conditions significantly. As interest rates rise and liquidity dries up, a period of deleveraging lies ahead, and asset price rises based on cheap and abundant money are vulnerable to sharp falls. Evidence of this is already clear in crypto currencies, highly rated unprofitable growth stocks and private market valuations, but the risk is that more broadly based assets such as real estate and parts of credit markets will be exposed.
9. Similarly, those countries and companies with high debt levels face sustainability problems. Some evidence of this has been seen in Europe, with spreads between bonds issued by the German government and those issued by peripheral, high debt euro members such as Italy widening significantly – and this is before the European Central Bank (ECB) has started its tightening cycle.
10. The EU, and in particular Germany, for years allowed itself to become critically dependent on energy supplies from Russia, now a pariah state, leaving the European economy most exposed to the war. There is a risk that in return for tough Western sanctions and military support for Ukraine, Russia will turn off the taps and leave the EU short of gas in the coming winter. European natural gas prices have reflected this risk, doubling in June to take prices close to the spike reached immediately following Russia's invasion of Ukraine.

Reasons for caution, then, abound and are clear to all. Less clear are signals that brighter times lie ahead. But we know that the cycle will turn, and the sell-off underway is creating opportunities for investors prepared to accept the shorter-term timing risks against the longer term upside potential. Amidst a sea of gloom, positive factors and encouraging signs tend to be overlooked, but they exist:

1. Households and businesses enter the downturn in good shape. Labour markets are generally strong, and unemployment levels low. Savings were built up during the pandemic and the housing market has been strong across much of the world, leaving household balance sheets in a healthy shape. Similarly, most companies have enjoyed strong post-pandemic profits and have reduced debt levels in aggregate, leaving them well prepared to ride out a tough economic period.
2. There are no significant systemic risks in sight, and while loan losses will inevitably build as the slowdown bites, banks are in a strong financial condition, with ample capital buffers.



Sources: Momentum Global Investment Management, Bloomberg Finance L.P. as at 7 July 2022.

3. This is a cycle essentially about the need to bring high and broadening inflation under control, requiring a sizeable tightening of monetary policy to restore sustainability and maintain credibility. Although moves to date still leave policy interest rates at historically low levels, considerably more tightening has been discounted by markets. Year-end policy rates of 3.27% are expected in the US compared with 1.75% today, and the front loading of tightening is such that the market now predicts that Fed Funds will peak in early 2023. Similar sized rate increases are priced into Eurozone markets, up to 1.3% by year end from -0.5% now, and in the UK, up to 2.67% by year end from 1.25% now.
4. Commodity prices have eased significantly in recent weeks, in most cases well below peak levels reached in March, and in some cases back to or below levels prevailing pre the Russian invasion. The wheat price has fallen by close to 40% from its March peak, with Russian supplies at record levels due to a bumper crop and increased acreage in the US pointing to higher supplies. With a sharp slowdown in growth underway, demand destruction is in evidence and has pushed metals prices down: iron ore by 19% in Q2, copper by 22%, and even the oil price has recently begun to show weakness.
5. Supply chain disruption is beginning to ease. Container shipping rates have fallen sharply in recent weeks. China has begun to exit from its tough Covid restrictions, and demand destruction and with a return to more normal levels of production, is gradually restoring balance. Although there is some way to go to normality, the worst of the supply crisis is behind us.
6. China's economy stalled due to its zero-covid policy, draconian mobility restrictions and policy initiatives that targeted, and heavily impaired, Chinese tech companies and the all-important and highly indebted property sector. With the latest Covid wave seemingly under control, restrictions are now being eased and the economy is set to recover, helped by fiscal and monetary stimulus – the only major country easing policy this year.
7. An important determinant of the extent to which inflation becomes embedded is longer term inflation expectations. Not only have these been anchored broadly within the range of the past 20 years, but they have fallen significantly recently as recession fears have taken hold. The 10-

year breakeven inflation rate in the US, which measures the market's expectation of inflation over the next 10 years, fell from a peak in April of 3.0% to 2.3% at 30 June, while the closely watched 5 Year 5 Year breakeven measure of inflation in 5 years' time for the subsequent 5 years, fell to 2.0% from the April peak of 2.6%. Similar moves occurred in Europe and the UK.



Sources: Momentum Global Investment Management, Bloomberg Finance L.P. as at 8 July 2022.

8. Falling longer term inflation expectations, alongside recession fears, led to a sharp drop in bond yields in the final two weeks of the quarter. The 10-year bond yield in the US started the year at 1.5%, rose to a peak of 3.5% by mid-June, then fell back to 3.0% by the end of the month. The headwind for asset values created by the rapid and sharp rise in yields on Treasuries, the world's discount rate, has abated.
9. The sharp falls in markets have improved valuations significantly. Real yields on US Treasuries have been negative for much of the pandemic era, but 10-year Treasury inflation linked securities ('TIPS') are now offering positive real yields, 0.7% at 30 June. The days of trillions of dollars of negative yielding bonds, an unsustainable consequence of a decade of ultra-loose monetary policy, are largely over. In equities, the sharpest falls have been in the most highly valued growth stocks, bringing valuations down to more reasonable levels, especially in larger cap stocks. Across the board, equity valuations are now at levels which discount much of the uncertainty ahead and will be driven more by earnings than further substantial falls in valuations.
10. Markets invariably offer the best opportunities when fear and uncertainty are at their greatest. The carnage across virtually all financial markets and asset classes 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 slumping, markets will in due course start to discount the recovery which will surely come. Waiting for it to arrive is likely to leave other investors to enjoy the early fruits of that recovery.



The world is entering a sharp cyclical slowdown, uncertainties are exceptionally high, and risks of further periods of volatility and falls in markets cannot be dismissed. But markets have fallen sharply; much has already been discounted. As we move through the second half of the year two of the biggest drags on markets will be lifted: inflation is likely to have peaked, and the Fed's tightening coming close to an end. Much of the Fed's policy tightening might well have been completed by the end of this year and is likely to be ahead of other central banks, which in turn could weaken the dollar, whose strength has been a significant headwind for markets. A soft landing will be tough for the Fed to engineer, but recent market moves suggest that there is seemingly little priced in for that favourable outcome. Valuation opportunities are opening up, both in bonds and equities, for longer-term investors. With careful diversification, blending risk assets with defensive and non-correlated assets, we believe it is important to ride out the short-term volatility and stay invested to participate in full in those longer-term opportunities.

Source: *Bloomberg Finance L.P.* Federal Reserve, Bank of England, Bank of Japan, People's Bank of China June 2022. *Returns in US dollars unless otherwise stated. Past performance is not indicative of future returns.*

9. Market performance

		To 30 June 2022			
Asset class/region	Index	Local currency	Quarter	Year-to-date	12 months
Developed markets equities					
United States	S&P 500 NR	USD	-16.2%	-20.1%	-11.0%
United Kingdom	MSCI UK NR	GBP	-3.4%	1.3%	8.8%
Continental Europe	MSCI Europe ex UK NR	EUR	-10.3%	-17.5%	-10.8%
Japan	Topix TR	JPY	-3.7%	-4.8%	-1.4%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	-10.6%	-15.7%	-23.3%
Global	MSCI World NR	USD	-16.2%	-20.5%	-14.3%
Emerging markets equities					
Emerging Europe	MSCI EM Europe NR	USD	-20.7%	-77.0%	-77.1%
Emerging Asia	MSCI EM Asia NR	USD	-9.3%	-17.2%	-25.9%
Emerging Latin America	MSCI EM Latin America NR	USD	-21.9%	-0.6%	-16.1%
BRICs	MSCI BRIC NR	USD	-4.3%	-17.0%	-30.1%
China	MSCI China NR	USD	3.4%	-11.3%	-31.8%
Global emerging markets	MSCI Emerging Markets NR	USD	-11.4%	-17.6%	-25.3%
Bonds					
US Treasuries	JP Morgan United States Government Bond TR	USD	-3.9%	-8.9%	-8.7%
US Treasuries (inflation protected)	BBgBarc US Government Inflation Linked TR	USD	-6.6%	-9.7%	-5.7%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	-7.3%	-14.4%	-14.2%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	-9.8%	-14.2%	-12.8%
UK Gilts	JP Morgan UK Government Bond TR	GBP	-7.7%	-14.6%	-14.1%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	-6.7%	-12.4%	-12.9%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	-7.3%	-12.2%	-12.6%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	-7.3%	-11.9%	-12.4%
Euro High Yield	BBgBarc European High Yield 3% Constrained TR	EUR	-10.7%	-14.4%	-14.1%
Japanese Government	JP Morgan Japan Government Bond TR	JPY	-1.5%	-3.1%	-3.1%
Australian Government	JP Morgan Australia GBI TR	AUD	-4.0%	-10.2%	-11.2%
Global Government Bonds	JP Morgan Global GBI	USD	-8.4%	-14.1%	-15.8%
Global Bonds	ICE BofAML Global Broad Market	USD	-8.2%	-14.2%	-15.7%
Global Convertible Bonds	ICE BofAML Global Convertibles	USD	-14.2%	-19.7%	-22.2%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	-12.5%	-26.6%	-27.7%

Source: Bloomberg. June 2022. **Past performance is not indicative of future returns.**

		To 30 June 2022			
Asset class/region	Index	Local currency	Quarter	Year-to-date	12 months
Property					
US Property Securities	MSCI US REIT NR	USD	-17.2%	-20.7%	-7.3%
Australian Property Securities	S&P/ASX 200 A-REIT Index TR	AUD	-18.9%	-25.1%	-15.4%
Asia Property Securities	S&P Asia Property 40 Index NR	USD	-4.5%	-4.5%	-13.6%
Global Property Securities	S&P Global Property USD TR	USD	-16.5%	-19.3%	-13.1%
Currencies					
Euro		USD	-5.3%	-7.8%	-11.6%
UK Pound Sterling		USD	-7.3%	-10.0%	-12.0%
Japanese Yen		USD	-10.3%	-15.2%	-18.1%
Australian Dollar		USD	-7.7%	-5.0%	-7.9%
South African Rand		USD	-10.3%	-2.0%	-12.3%
Commodities & Alternatives					
Commodities	RICI TR	USD	-3.0%	23.1%	35.3%
Agricultural Commodities	RICI Agriculture TR	USD	-7.3%	8.9%	22.4%
Oil	Brent Crude Oil	USD	6.4%	47.6%	52.8%
Gold	Gold Spot	USD	-6.7%	-1.2%	2.1%
Hedge funds	HFRX Global Hedge Fund	USD	-3.5%	-4.8%	-4.8%

Source: Bloomberg. June 2022. **Past performance is not indicative of future returns.**

10. Directory

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Channel Islands

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Investment Manager:

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Administrator, Secretary & Registrar:

Northern Trust International Fund Administration
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Auditor:

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Julian's Avenue, St Peter Port, Guernsey, GY1 4AF

Important notes

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.

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.

Notwithstanding ongoing monitoring of the underlying funds 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 material 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 proper market price of these investments 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 scrip borrowing will be allowed.

While derivative instruments may be used for hedging purposes, the risk remains that the relevant instrument may not necessarily fully 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 dealing in these markets are also not required to make markets in the currencies they trade, with the result that these markets may experience periods of illiquidity. Banks and dealers will normally act 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.

Investment 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 scheme 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 Plaiderie House, La Plaiderie, St Peter Port, Guernsey, GY1 1WF, Telephone 0044 1481 735480, or from our website www.momentum.co.gg.

This report should not be construed as an investment advertisement, or investment advice or guidance or proposal 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



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Momentum Mutual Fund ICC Limited is an incorporated cell company governed by the provisions of the Companies (Guernsey) Law 2008 as amended. Prior to its incorporation as an incorporated cell company on 19 January 2007, it was registered as a protected cell company on 20 February 2006. It is authorised, as an open-ended collective investment scheme of Class B by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 as amended. In giving this authorisation the Guernsey Financial Services Commission do not vouch for the financial soundness of Momentum Mutual Fund ICC Limited or for the correctness of any of the statements made or opinions expressed with regard to it.

FGAM Global Cautious Fund IC Limited is a registered incorporated cell of Momentum Mutual Fund ICC Limited, with registered number 46258.

FGAM Global Cautious Fund IC Limited 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 Registration No. 1987/004287/07, 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 111 899 Telephone +27 (0) 12 675 3002 Facsimile +27 (0) 12 675 3889.

Momentum Collective Investments (RF) (Pty) Ltd is an authorised manager of collective investment schemes in terms of the Collective Investment Schemes Control Act, No 45 of 2002.

Northern Trust International Fund Administration Services (Guernsey) Limited is the Fund Administrator, licensed by the Guernsey Financial Services Commission, with its registered office at PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL.

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FGAM (Pty) Limited, a South African registered company, is the appointed Sub-Investment Manager of the fund, with its registered office at 299 Dey Street, New Muckleneuk, Pretoria, 0181, South Africa.

Northern Trust (Guernsey) Limited is the Custodian, licensed by the Guernsey Financial Services Commission, with its registered office at PO Box 71, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3DA.

Momentum Wealth International Limited retains full legal responsibility for the Fund.

Momentum Wealth International Limited does not provide any guarantee, either with respect to the capital or the return of the Fund.

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