

FGAM Global Cautious Fund IC Limited

quarter ended 30 December 2022

Q4



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	6,575,547.62	1.1825	\$ 7,775,268.03
Share Class B	8,448,996.66	1.0648	\$ 8,996,378.57

Source: Momentum Global Investment Management, 30 December 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 December 2022					
Returns (USD)	3 months	1 year	3 years annualised	5 years annualised	Since Inception annualised
FGAM Global Cautious ¹	4.83%	-14.98%	-3.58%	-1.70%	1.02%
Benchmark ²	3.81%	-17.18%	-2.32%	0.18%	3.01%

Performance to 30 December 2022					
Index returns (USD)	3 months	1 year	3 years annualised	5 years annualised	Since Inception annualised
Global equity ³	9.76%	-18.36%	4.00%	5.23%	5.76%
ICE BofAML Gbl Brd Mkt TR USD	0.91%	-19.58%	-6.01%	-2.61%	1.87%

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)	18.3%

¹Inception date May 2006

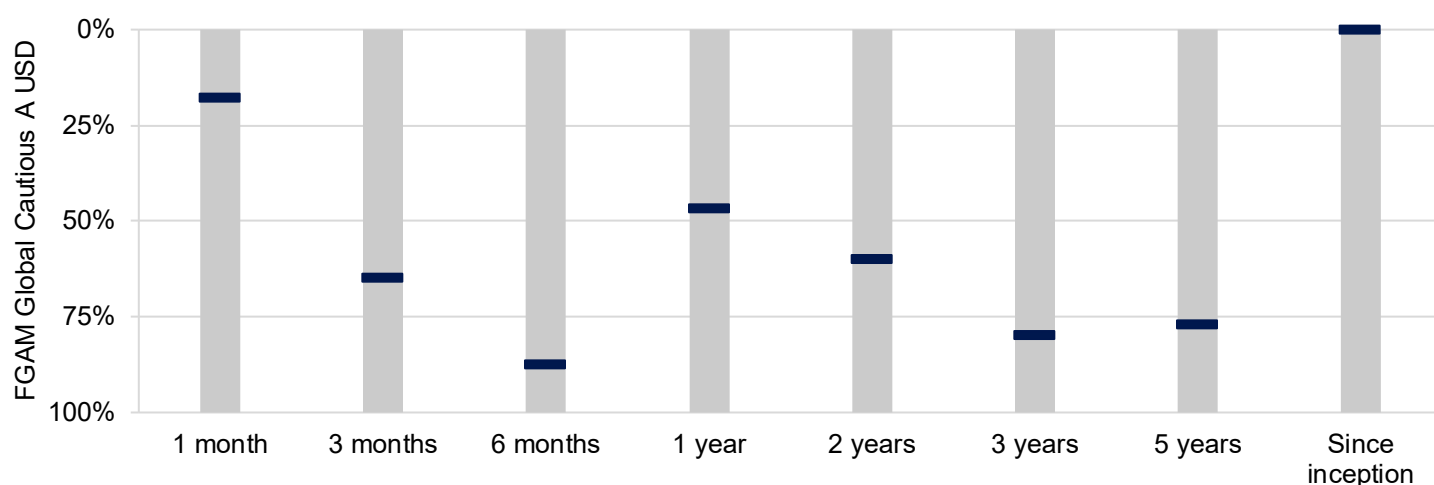
²25% MSCI AC World, 50% Citigroup WorldBIG, 10% S&P Global Property, 10% LIBOR USD 7 day, 5% LIBOR EUR 7 day.

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	4/18	12/18	15/17	8/16	10/16	13/16	11/14	1/4
Fund Performance	0.5%	4.8%	-2.4%	-15.0%	-6.7%	-3.6%	-1.7%	1.0%
Peer Max	1.3%	14.0%	2.6%	-5.5%	-2.0%	1.4%	1.9%	1.0%
Peer Min	-1.5%	3.3%	-5.0%	-22.9%	-12.3%	-6.2%	-3.5%	-1.5%
Peer Median	-0.1%	5.0%	-0.1%	-15.1%	-6.1%	-1.8%	-0.3%	0.2%
Quartile Rank	1	3	4	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*

1.32%

Share Class B**

1.12%

* The FGAM Global Cautious Fund USD Class A has a Total Expense Ratio (TER) of 1.32%. The TER to 30 December 2022 is based on data for the period from 30 December 2021 to 30 December 2022; 1.32% 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.

** The FGAM Global Cautious Fund USD Class B has a Total Expense Ratio (TER) of 1.12%. As at 30 December 2022, 1.12% 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.

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

5. Portfolio commentary

2022 was a brutal year: for households due to the energy and cost of living crisis; for investors as nearly all asset classes fell sharply amidst high levels of uncertainty; and most of all for Ukraine because of Russia's barbaric invasion. While Putin's war was the dramatic shock of the year, triggering an immediate surge in food and energy prices, it was the strength and persistence of inflation that had been building well before the war and the ensuing central bank policy pivot which ultimately drove asset prices down over the year.

But thankfully some reprieve came through over the last three months, as markets ended the year with gains in Q4. Despite being a volatile quarter, global equities as measured by the MSCI AC World index added 9.8% in US dollar (USD) terms, while global bonds too posted gains with the ICE BofA Global Broad Market up 4.3% in USD terms. Gains were supported by hopes that inflation may be peaking as inflation surprised on the downside, and the hopes that the US Federal Reserve may not raise interest rates as high as previously thought.

It is notable that after significant gains during the year, the US Dollar weakened in Q4 boosting global economic sentiment – with half of the fund exposed to a diversified basket of currencies including the Japanese yen, euro, sterling, amongst others, were significant beneficiaries of the US dollar weakening, contributing meaningfully to the fund's outperformance over the quarter. In addition to US dollar weakness, emerging markets also benefitted from positive developments in China including supportive steps for the nation's tech and property sectors, and more notably, an economic reopening as Beijing ended its "Zero-Covid" policy.

This backdrop proved beneficial for absolute performance of the Fund. UK companies were a positive contributor following the resignation of Prime Minister Liz Truss and the reversal of many of the policies announced in the September 'mini-budget'. Our core global equity managers rallied, particularly our value managers Hotchkis & Wiley, Artisan and Orbis. From an investment style perspective, value continued its outperformance against growth which provided a tailwind for the Fund's value and quality exposure. Elsewhere, our infrastructure manager Maple Brown Abbot also performed strongly, continuing to provide a good source of real returns amidst the inflationary macro backdrop.

Having had an underweight to bonds heading into the year, during the quarter we increased our allocation to US treasuries following significant falls in bond prices during the year and hence more attractive yields on offer.

Looking forward, diversification will continue to be employed within the portfolio paring equities and bonds with parts of the credit market which now offer decent nominal and real yields, gold, a reliable diversifier in a wide range of economic and market conditions some real asset exposure in the form of infrastructure and to a lesser extent property. It is too early to be adding aggressively to risk but the substantial falls in nearly all asset classes in 2022 have materially improved valuations and we see periods of market weakness in coming months as an opportunity to add to risk to take advantage of the cyclical upturn which will be coming into sight.

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

6. Top ten holdings

FGAM Global Cautious September 2022			
	Security	Asset class	Weight
1	iShares \$ Treasury Bond 1-3yr	Fixed Income	17.07%
1	Xtrackers II US Treasuries ETF	Fixed Income	11.76%
1	iShares \$ TIPS	Fixed Income	9.43%
1	iShares \$ Treasury Bond 3-7yr	Fixed Income	9.01%
1	iShares Physical Gold ETC	Commodities	6.50%
1	BlackRock Euro Ultra Short Bond	Money Market	6.07%
1	iShares US Corporate Bond Index	Fixed Income	5.29%
1	Maple-Brown Abbott Global Infrastructure	Infrastructure	3.63%
2	Robeco Multi-Factor Global Equity	Equity	3.44%
1	Catalyst Global Real Estate	Property	3.18%
			75.4%

FGAM Global Cautious December 2022			
	Security	Asset class	Weight
1	iShares \$ TIPS	Fixed Income	15.78%
1	Xtrackers II US Treasuries ETF	Fixed Income	15.33%
1	iShares \$ Treasury Bond 1-3yr	Fixed Income	10.21%
1	iShares \$ Treasury Bond 3-7yr	Fixed Income	8.37%
1	iShares Physical Gold ETC	Commodities	6.90%
1	iShares US Corporate Bond Index	Fixed Income	5.99%
1	Maple-Brown Abbott Global Infrastructure	Infrastructure	3.70%
1	Artisan Global Value	Equity	3.46%
2	Robeco Multi-Factor Global Equity	Equity	3.37%
1	Catalyst Global Real Estate	Property	3.26%
			76.37%

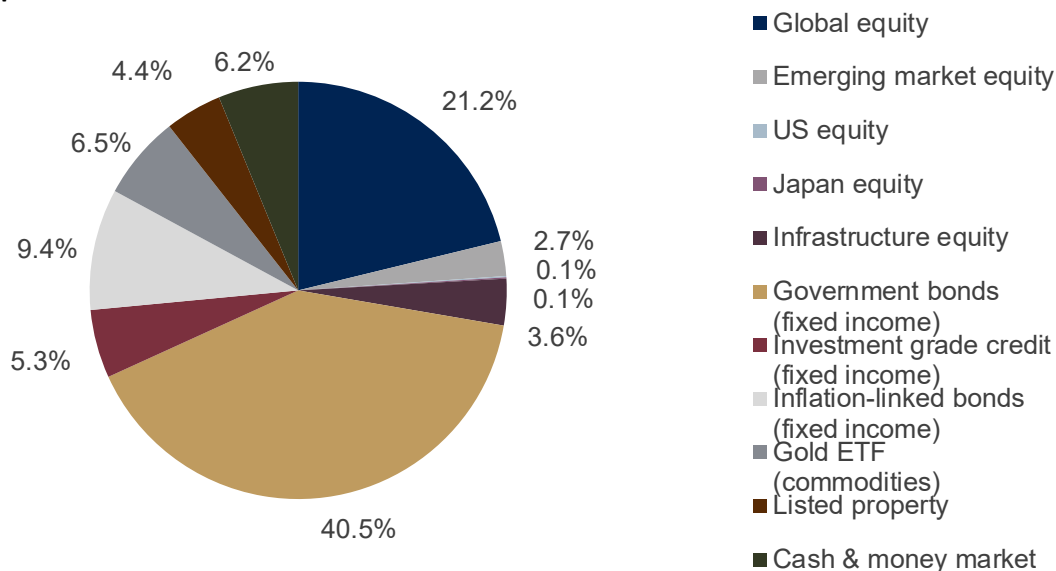
Source: Momentum Global Investment Management, December 2022.

Past performance is not indicative of future returns.

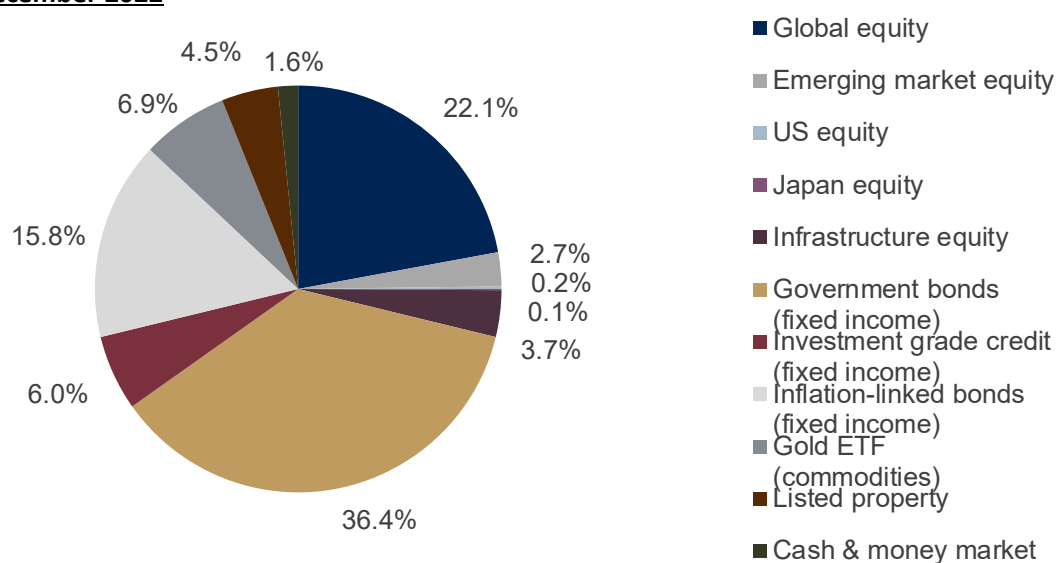
7. Fund exposures

Asset allocation*

September 2022



December 2022

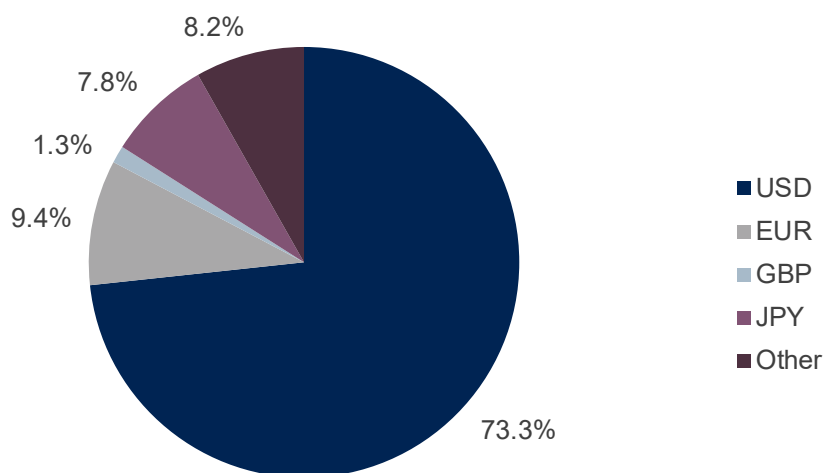


*Asset allocation figures reflect the strategy classification of the collective investment schemes (or similar schemes) held by the Fund and do not look through to the underlying holdings of such schemes.

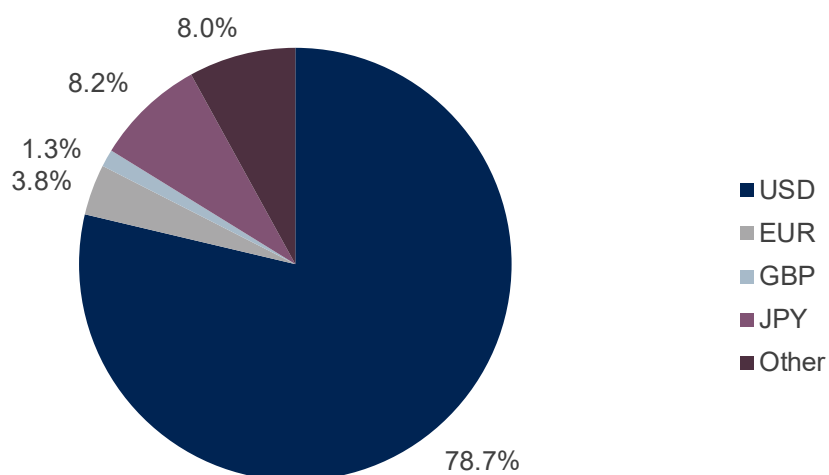
Source: Momentum Global Investment Management, December 2022.

Currency Allocation

September 2022

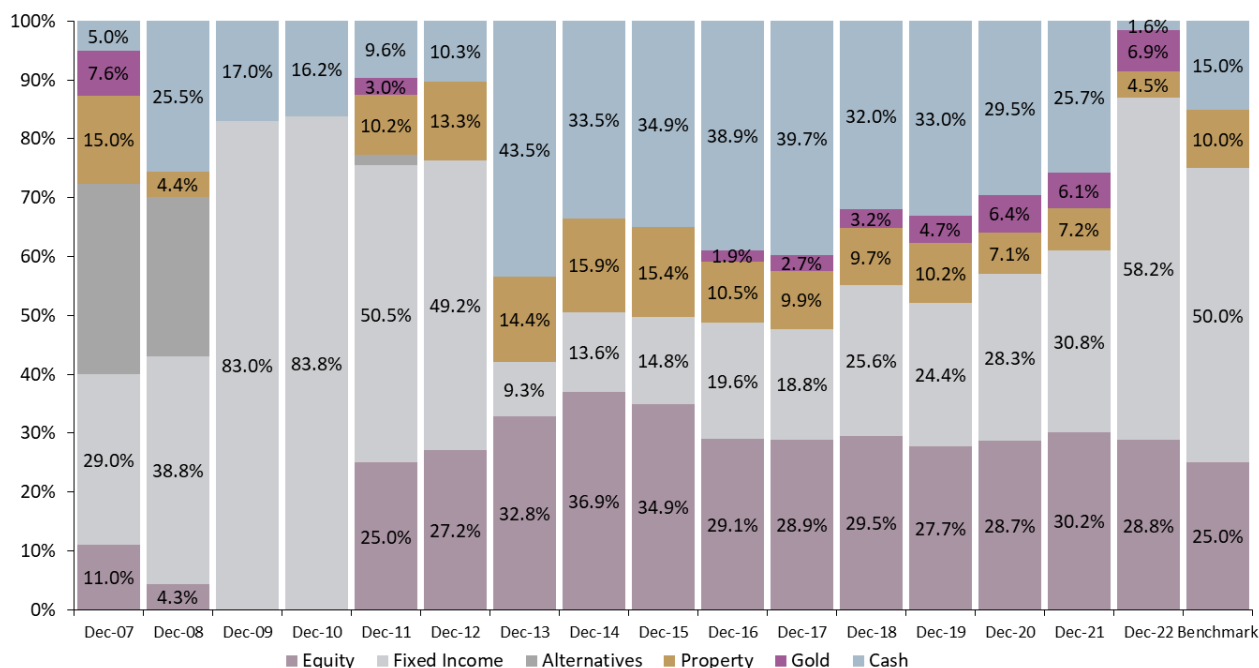


December 2022



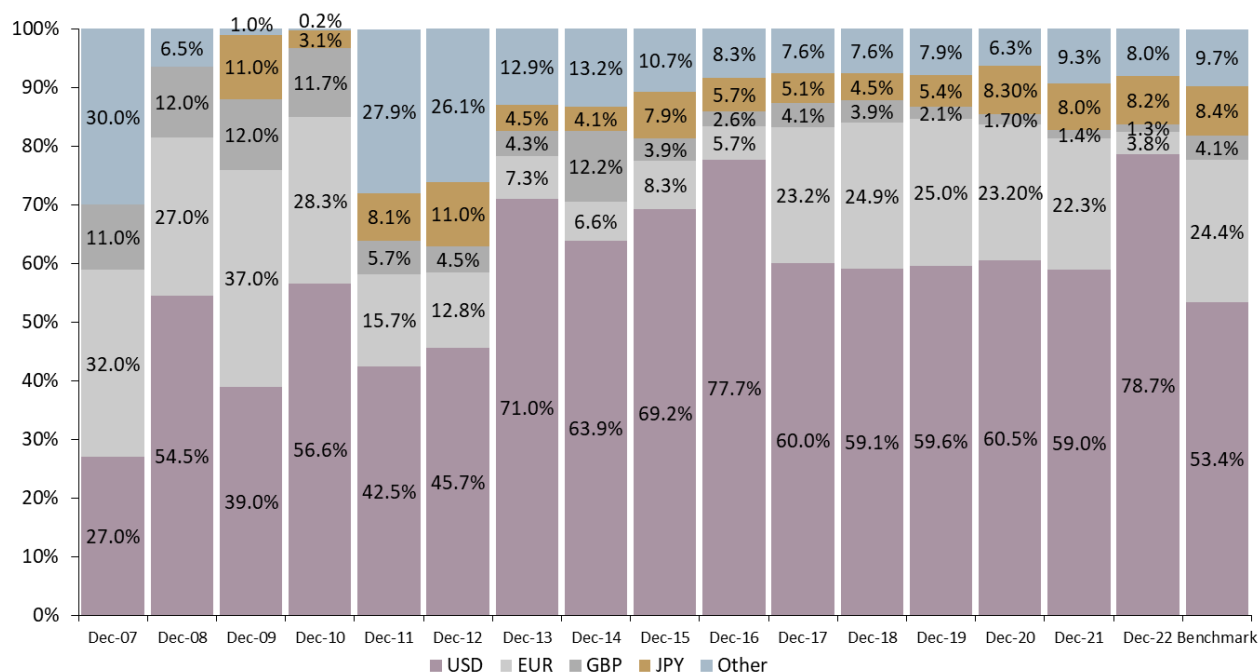
Source: Momentum Global Investment Management, December 2022.

Asset allocation over time



Source: Momentum Global Investment Management, December 2022

Currency allocation over time

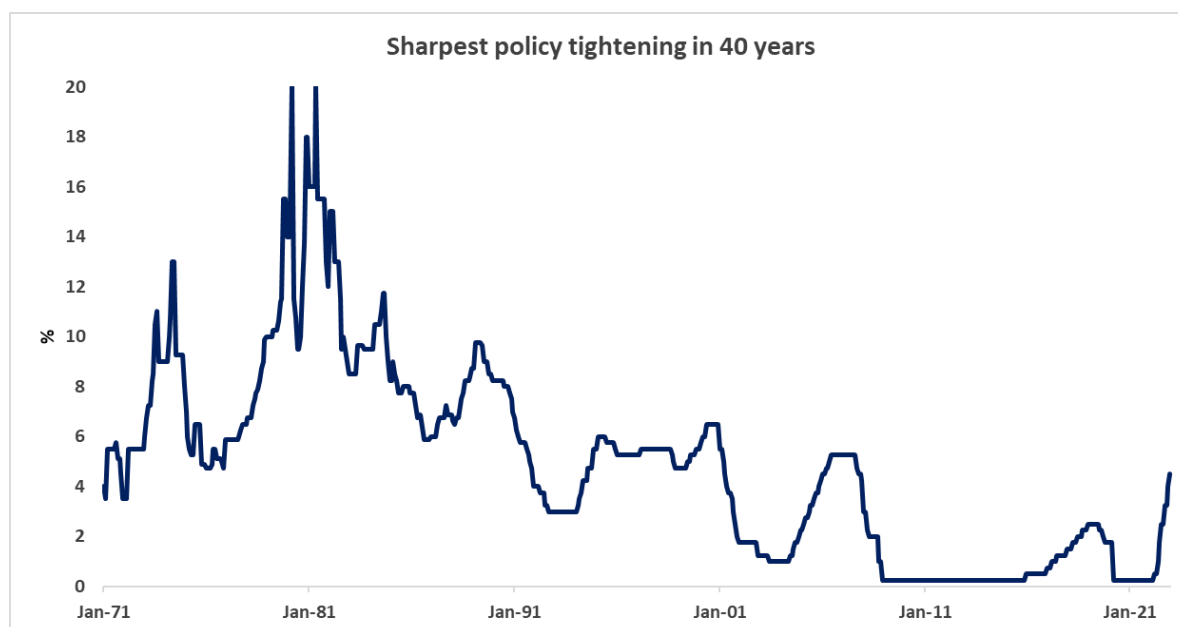


Source: Momentum Global Investment Management, December 2022.

Past performance is not indicative of future returns.

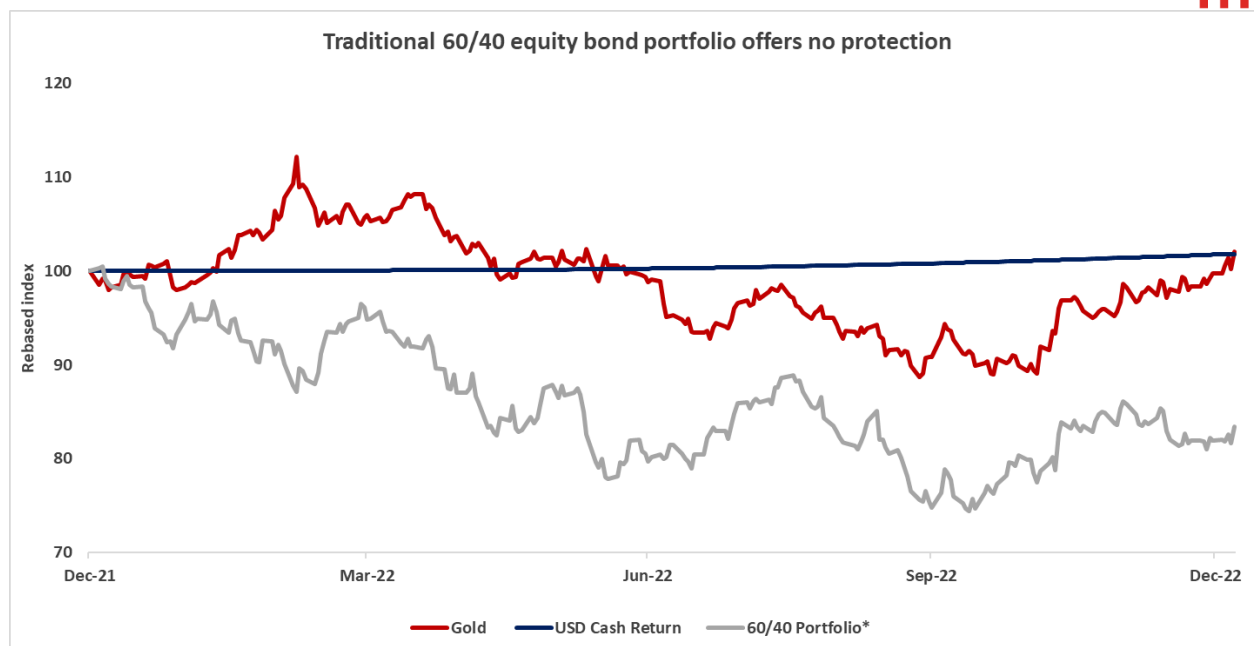
2022 review and outlook for 2023

At the end of 2021 central banks saw the pick-up in inflation as transitory, policy rates remained close to or below zero across the developed world and sizeable central bank asset purchases continued; the Federal Reserve projected its policy rate to be 0.9% by the end of 2022. The policy shift of 2022 is the steepest tightening in over 40 years, with the Fed Funds rate increasing by 4.25% to 4.25-4.5%, and liquidity tightened substantially by moving from asset purchases of \$60bn per month to a reduction at the rate of \$95bn per month. Since peaking at close to \$9tn in mid-2022 the Fed's balance sheet has shrunk by around \$0.5tn and if current policy is maintained it will shrink by a further \$1.1tn through 2023, far above the scale of quantitative tightening in 2017-2019. Other central banks were forced into similar policy reversals, but it was the Fed which tightened most aggressively, underpinning a sharp rise in the dollar, up by 19% on a trade weighted basis by late September, before reversing course in the fourth quarter, leaving the dollar 8.2% higher over the year.



Source: Momentum Global Investment Management, Bloomberg Finance L.P. as at 31 December 2022

Global equities and bonds suffered steep falls, in the case of bonds one of the worst periods in history. During geopolitical crises and intense uncertainty safe-haven government bonds usually provide some protection for investors, but in 2022 the JPMorgan Global Government bond index returned -17.3%, only marginally better than the return of -18.1% from the MSCI World index of developed equity markets. As a result, the traditional 60/40 equity/bond portfolio had an extremely disappointing year, -17.8%. However, opportunities for adding relative value came from asset class selection, with infrastructure, renewables, commodities, gold and some hedge fund strategies holding up well, and from country, sector and style selection in equities. The UK produced a positive return in the year, the only major market to do so, followed by Japan; value stocks substantially outperformed growth, and there was a very wide dispersion of returns from sectors; MSCI World Integrated Oil and Gas +52%, compared with MSCI World IT -31%. In the face of the rapid rise in the discount rate, duration proved to be the enemy. The US 30Y Treasury bond returned -33.3% in 2022 compared with -4.1% from 2Y Treasuries. Highly rated growth stocks, whose valuations depend on earnings well into the future, came under severe pressure: the NASDAQ index in the US fell by 33% and the FANG+ index of big tech stocks by 40%. The importance of broader diversification across and within asset classes was emphatic.

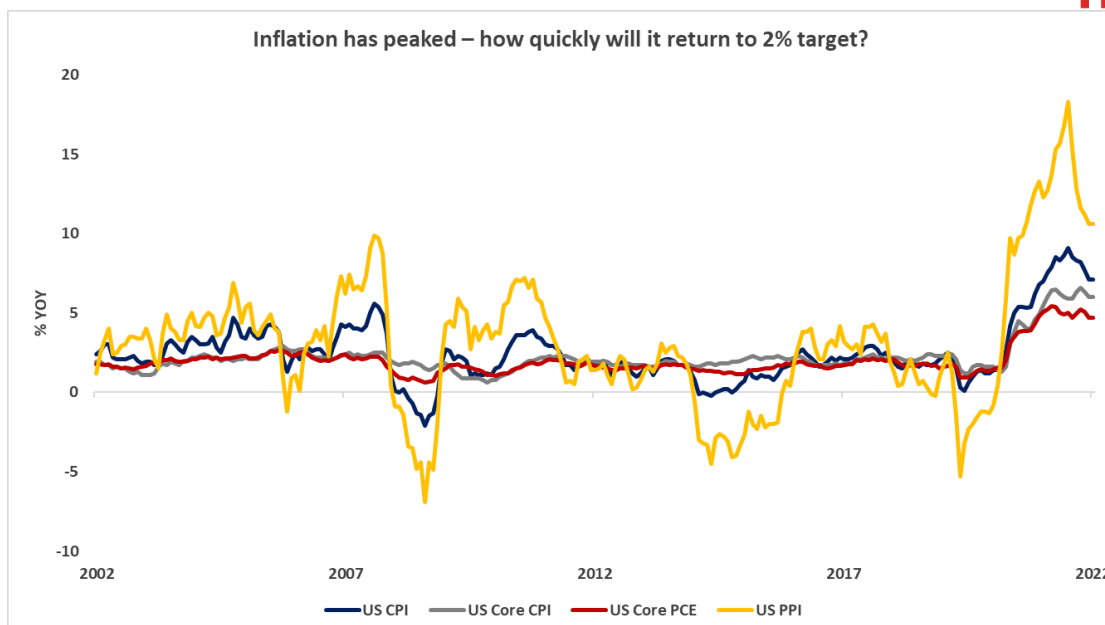


Source: Momentum Global Investment Management, Bloomberg Finance L.P. as at 6 January 2023.

*60/40 portfolio comprises 60% MSCI World Index and 40% JPMorgan Global Government Bond Index

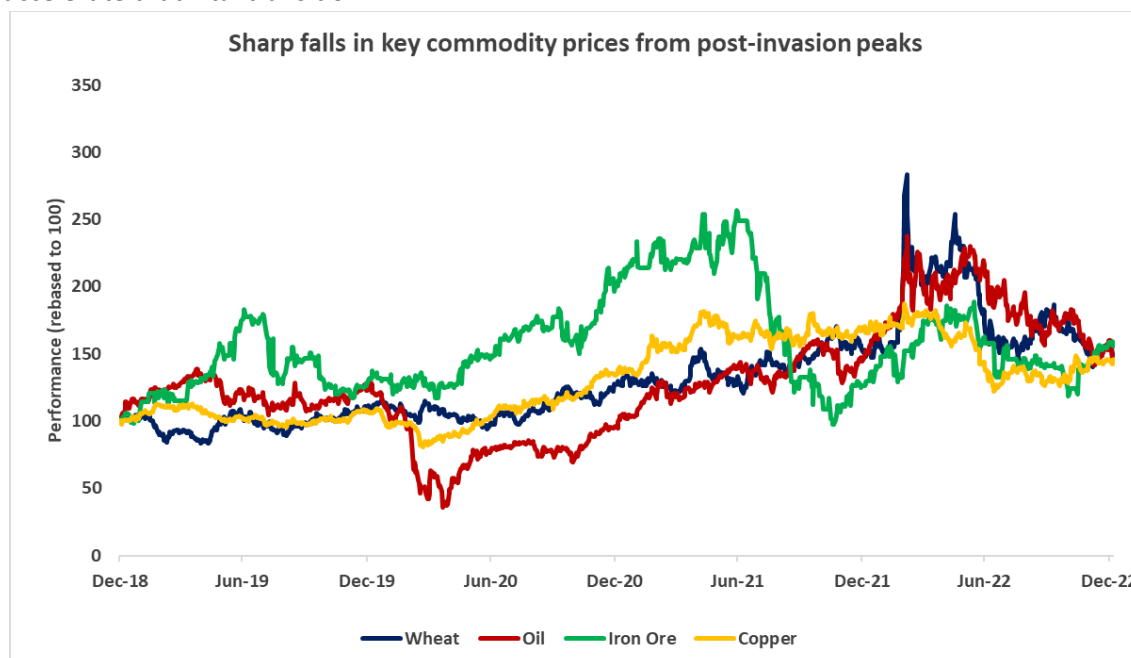
The key factors driving market performance in 2022 – inflation, monetary policy tightening, supply chain disruption, fears of recession, the multiple challenges faced by China, including the deterioration in relationships between China and the West, war in Ukraine, and the impact of climate change, remain the dominant themes as we enter 2023, and there is a broad sense of deep uncertainty mixed with pessimism. We recognise these uncertainties and risks, but we see the foundations for a sustained recovery in markets as we go through 2023 and believe the prospects will improve as the year progresses. The reasons are several:

1. Inflation has reached a peak, and we expect it to fall materially this year. Base effects will help, and central bank policy tightening, particularly in the US, has been steep and dollar liquidity is very tight. Core measures of inflation will fall more slowly than headline rates, but forward inflation expectations remain well-anchored, helping central banks to bring inflation under control. Monetary policy takes effect with lags, but its impact on activity and inflation is beyond doubt, and the Fed has been clear that it will tolerate an economic slowdown and higher unemployment to bring inflation down to its 2% target.



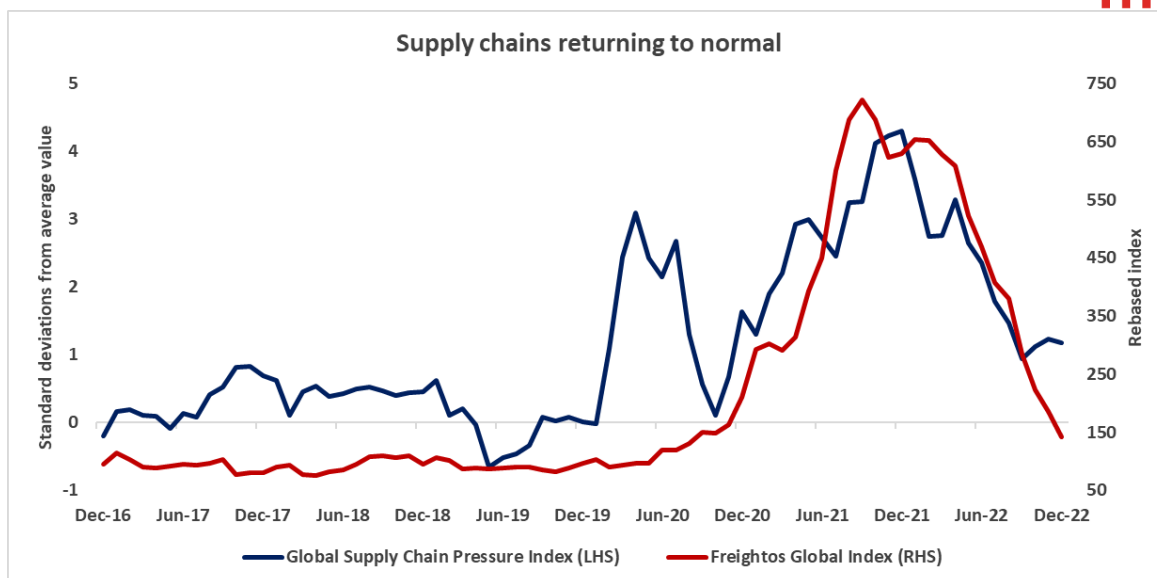
Source: Momentum Global Investment Management, Bloomberg Finance L.P. as at 30 December 2022

2. Energy prices, a key element of the inflation surge, have fallen sharply; crude oil and European natural gas prices are back to pre-invasion levels. Fears of energy shortages in Europe in the winter have proved unfounded as supplies from Russia have been replaced in part by other countries, stock levels replenished, and a warm winter is helping in the transition away from Russian gas. Furthermore, the energy crisis has shone a spotlight on the dependency on fossil fuels, and, by injecting much greater urgency and scale into investment in renewables, will accelerate that vital transition.



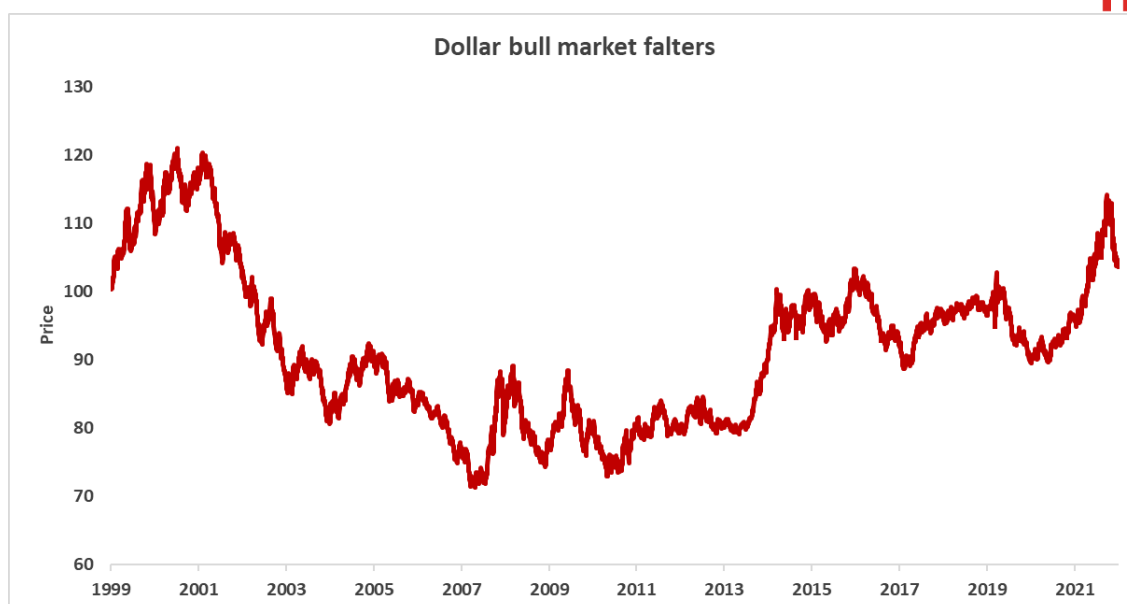
Source: Momentum Global Investment Management, Bloomberg Finance L.P. as at 30 December 2022

3. Global supply chains have been unclogged, shipping rates have fallen dramatically from post-pandemic levels and shortages have been largely addressed. Greater resilience is being built into supply chains to mitigate this risk in future.



Sources: Federal Reserve Bank of New York, Global Supply Chain Pressure Index, <https://www.newyorkfed.org/research/gscpi.html>. Bloomberg Finance L.P., Momentum Global Investment Management. Data to 31 December 2022.

4. The risk of recession in 2023 is very high, but is also widely anticipated. Economies are slowing, many leading indicators are into contractionary territory, liquidity is tight, M2 money supply in the US has been contracting in nominal terms since January compared with a peak rate of growth in early 2021 of 27%, and the 2Y-10Y yield curve has been continuously inverted since mid-2022, a forward indicator that has preceded all post-WWII recessions. Economic activity is under pressure from the damaging effect of high inflation on disposable incomes, rising interest rates on mortgage costs, with housing markets in many countries facing a significant downturn, and businesses suffering from steep rises in input prices and labour costs. Recession appears inevitable in the UK and Europe, which are more exposed to higher energy prices than the US, but even in the US a recession is increasingly likely. However, households, corporates and banks enter this tougher period in good shape, with strong balance sheets, and labour markets across the developed world remain tight, unusually so at this stage of the cycle. This increases the likelihood of the slowdown being relatively mild. Reduced activity will bring some pain but importantly it will also bring supply and demand back into balance, bear down on inflation and ultimately result in an easing of monetary policy.
5. The Fed is likely to downshift the pace of tightening before pausing and peaking in the first half of 2023. There is considerable uncertainty around the duration of restrictive policy, but there is less uncertainty around the peak, and we are confident that most of the Fed's tightening, and the steepest part, is behind us. This could well result in the dollar's strength also peaking, resulting in a significant easing of financial conditions globally. It is notable that the dollar weakened and financial markets rallied in Q4 2022 as signs of an economic slowdown mounted, inflation surprised on the downside and an earlier turn in the policy cycle seemed more likely.

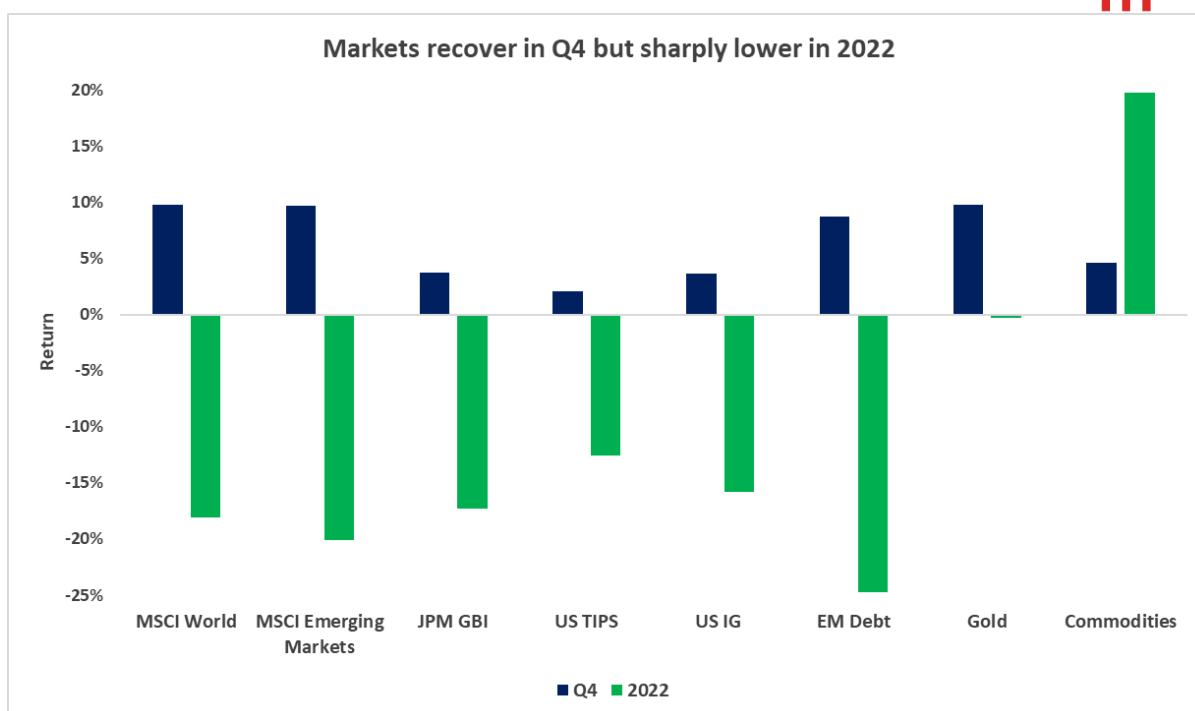


Source: Momentum Global Investment Management, Bloomberg Finance L.P. as at 30 December 2022.

6. The pace and extent of policy tightening has been painful, but the end of the era of ultra-loose monetary policy, zero or negative interest rates and massive central bank buying of bonds, is a welcome return to normality. The excesses created by over fourteen years of almost 'free' money are being exposed: high inflation, unsustainable valuations of many assets, especially those with little or no intrinsic value (e.g. crypto), misallocation of capital, and zombie companies, with no doubt other weaknesses yet to be revealed as the cycle evolves, most likely where leverage is involved. But there is no evidence to suggest that the risks are systemic, and the nonsense of negative yields on bonds (over \$18tn worth two years ago, none now) is over, aiding the process of restoring the strength of the financial sector globally. Short term pain will bring longer term gain as monetary policy normalises. The final shoe to drop in this context came unexpectedly in December when the Bank of Japan eased its yield curve control mechanism introduced in 2016 under which it maintained the yield on 10Y JGBs at zero, with a 25bps tolerance range. It raised the range to +/-0.5%, and while the policy was not intended to be a tightening it is widely expected to lead to further normalisation in coming months. The shift resulted in a surge in the yen, up over 5% in December and 10% in Q4, and a 20-25bps rise in longer maturity bond yields, but created no dislocation in markets and was an important first step in Japan's very gradual policy normalisation.
7. The world's second largest economy, and the driver of global growth for much of the past 20 years, China, has had a torrid year. The crackdown on the digital economy, the deleveraging of its huge property development industry, the zero-Covid policy and weakening global growth, have resulted in the slowest growth rate in China since the 1970s and dramatic falls in the stock market, culminating in a huge sell-off in October following the 20th National Congress and President Xi's consolidation of power. Since then, there have been some surprising positive developments, with increasing assistance for the property sector, signals that the crackdown on platform businesses is being eased, and most surprising of all, an almost complete lifting of the draconian zero-Covid-19 restrictions, raising hopes for a recovery in activity through 2023. Covid-19 is now rampant through China and its substantially unvaccinated population (or vaccinated with a relatively ineffective Chinese vaccine), and fears of a healthcare crisis have risen sharply, but evidence from the rest of the world shows that herd immunity will build rapidly and the damage falls mostly on the older, non-working demographic, with a return to

near-normal activity in a matter of months. China is set for a significant recovery as it finally emerges from its Covid-19 crisis, albeit well below earlier rates of growth and facing a lower sustainable longer term level, but making a valuable contribution to global growth at a time of weakness generally. The Chinese stock market has recovered sharply in recent weeks but remains well below previous peaks and offers attractive valuations and, appropriately sized, good opportunities for investors.

8. The war in Ukraine has been a monumental miscalculation by President Putin and disastrous for Russia. Its credibility internationally is diminished, its military weakened, needing years to rebuild, NATO has expanded, the West is unified and stronger, and sanctions will remain for years to come, with few in the West likely to re-engage with Russia for years, even after Putin has gone. Trust will take years to rebuild. The risk is that the weaker Putin becomes, so he is more dangerous, but an escalation beyond Ukraine's borders seems extremely unlikely given the dire straits of Russia's military and the resolve of the West. On the other hand, absent some sort of a putsch in Russia (currently highly unlikely), it is difficult to envisage an early end to the war, so its consequential costs and risks will persist for some time. However, much of the economic fall-out has already been borne by the West and the shift away from Russian supplies of energy has moved more quickly and successfully than envisaged.
9. The other big geopolitical threat is China's ambition to reunite Taiwan. Russia's experience in Ukraine is surely likely to restrain China's ambitions, at least for the time being from a military perspective, and there appears to be some signs of a thaw in China-US relations, albeit likely to be very slow ahead of the 2024 Presidential elections in the US. Risks remain but 2022 was unequivocally a bad year for the world's autocracies, good for its democracies and the free world, and that can only enhance longer term security and prosperity.
10. Although there was a strong rally in Q4 2022 in risk assets, markets are still far below peak levels of a year ago and all those falls have come from lower valuations. From historic lows in 2021 of near zero or below, government bond yields have moved up sharply and offer much-improved diversification benefits, while equities have gone some way to discounting the uncertainties and consequences of the looming slowdown. While corporate profits face headwinds and there are likely to be some disappointments ahead, the longer-term recovery and upside potential is significant.



Source: Momentum Global Investment Management, Bloomberg Finance L.P. as at 30 December 2022.

Risks and uncertainty have been abundant in 2022, and there remains much to worry about, but most of those risks are now in better balance and in some cases are substantially reduced. 2023 is set to be a difficult year for the global economy and a recession is likely across most of the developed world. There will be some casualties, but the risks are not systemic. With the peak in inflation behind us, the monetary policy cycle, already well advanced, will follow in due course.

The key uncertainties are around the extent of tightening required to bring inflation sustainably to target levels of 2%, the damage inflicted on economic activity and hence corporate profits in reaching that goal, and the unintended consequences of aggressive tightening. It seems probable that rates will reach peak levels of around 5% in the US in the first half of the year but stay at those levels for much if not all of 2023: the Fed will want to see evidence of a sustained drop in core inflation and a cooler labour market before easing. Given its continuing hawkish rhetoric, the biggest policy risk lies in the Fed over-tightening, the repricing of the risk-free rate then continuing for longer, and a soft landing, which has been increasingly priced into markets in recent weeks, becoming much less likely.

The danger for markets would then be a weaker outturn for corporate earnings than is currently expected, with consensus analysts' forecasts still calling for 5-6% earnings growth in 2023. A deeper and more prolonged slowdown would be damaging for equity and credit markets, and we are mindful of that risk in constructing portfolios and in adding to risk prematurely. But the deeper the economic slowdown ahead the more likely that interest rates will be cut this year, and government bond markets would provide protection under those circumstances, particularly as yields, if not especially good value, have at least returned to investible levels.

We are therefore balancing these shorter-term risks against the improving prospects as the year progresses. The turn in the monetary cycle is coming into sight, a key point for markets, which will begin to look through to the prospect of easier policy later this year and into 2024. Diversification as ever will be vital, combining the recovery potential and long-term growth prospects of equities with bonds, including safe-haven government bonds and parts of the credit market which now offer decent nominal and real yields; gold, a reliable diversifier in a wide range of economic and market conditions; some real

assets such as infrastructure, and selective hedge funds. Within equity markets we continue to blend style factors, with a bias towards value and quality, and see better opportunities than for some time in emerging markets, where valuations are relatively attractive, particularly taking into account their superior growth prospects, currencies which are generally under-valued after the extraordinary strength of the dollar in the past decade, and perhaps most importantly China emerging from its self-induced Covid-19 coma. It is too early to be adding aggressively to risk but the substantial falls in nearly all asset classes in 2022 have materially improved valuations and we see periods of market weakness in coming months as an opportunity to add to risk to take advantage of the cyclical upturn which will be coming into sight.

9. Market performance

		To 30 December 2022			
Asset class/region	Index	Local currency	Quarter	Year-to-date	12 months
Developed markets equities					
United States	S&P 500 NR	USD	7.4%	-18.5%	-18.5%
United Kingdom	MSCI UK NR	GBP	7.6%	6.5%	6.5%
Continental Europe	MSCI Europe ex UK NR	EUR	10.2%	-12.6%	-12.6%
Japan	Topix TR	JPY	3.3%	-2.5%	-2.5%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	12.1%	-17.5%	-17.5%
Global	MSCI World NR	USD	9.8%	-18.1%	-18.1%
Emerging markets equities					
Emerging Europe	MSCI EM Europe NR	USD	43.1%	-71.2%	-71.2%
Emerging Asia	MSCI EM Asia NR	USD	10.8%	-21.1%	-21.1%
Emerging Latin America	MSCI EM Latin America NR	USD	5.7%	8.9%	8.9%
BRICs	MSCI BRIC NR	USD	8.9%	-21.1%	-21.1%
China	MSCI China NR	USD	13.5%	-21.9%	-21.9%
Global emerging markets	MSCI Emerging Markets NR	USD	9.7%	-20.1%	-20.1%
Bonds					
US Treasuries	JP Morgan US Government Bond TR	USD	0.6%	-12.2%	-12.2%
US Treasuries (inflation protected)	Bloomberg US Government Inflation Linked TR	USD	2.1%	-12.6%	-12.6%
US Corporate (investment grade)	Bloomberg US Corporate Investment Grade TR	USD	3.6%	-15.8%	-15.8%
US High Yield	Bloomberg US High Yield 2% Issuer Cap TR	USD	4.2%	-11.2%	-11.2%
UK Gilts	JP Morgan UK Government Bond TR	GBP	1.7%	-24.6%	-24.6%
UK Corporate (investment grade)	ICE BofA Sterling Non-Gilt TR	GBP	6.2%	-17.8%	-17.8%
Euro Government Bonds	ICE BofA Euro Government TR	EUR	-1.7%	-18.2%	-18.2%
Euro Corporate (investment grade)	Bloomberg Euro Aggregate Corporate TR	EUR	1.1%	-13.6%	-13.6%
Euro High Yield	Bloomberg European High Yield 3% Constrained TR	EUR	4.7%	-10.6%	-10.6%
Japanese Government	JP Morgan Japan GBI TR	JPY	-2.0%	-5.7%	-5.7%
Australian Government	JP Morgan Australia GBI TR	AUD	0.2%	-10.6%	-10.6%
Global Government Bonds	JP Morgan Global GBI	USD	3.7%	-17.3%	-17.3%
Global Bonds	ICE BofA Global Broad Market	USD	4.3%	-16.9%	-16.9%
Global Convertible Bonds	ICE BofA Global Convertibles	USD	4.2%	-17.9%	-17.9%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	8.7%	-24.7%	-24.7%

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

To 30 December 2022

Asset class/region	Index	Local currency	Quarter	Year-to-date	12 months
Property					
US Property Securities	MSCI US REIT NR	USD	4.9%	-25.4%	-25.4%
Australian Property Securities	S&P/ASX 200 A-REIT TR	AUD	9.7%	-24.0%	-24.0%
Asia Property Securities	S&P Asia Property 40 NR	USD	8.9%	-8.9%	-8.9%
Global Property Securities	S&P Global Property TR	USD	7.4%	-23.4%	-23.4%
Currencies					
Euro		USD	9.2%	-5.8%	-5.8%
UK Pound Sterling		USD	8.2%	-10.7%	-10.7%
Japanese Yen		USD	10.4%	-12.2%	-12.2%
Australian Dollar		USD	6.5%	-6.2%	-6.2%
South African Rand		USD	6.2%	-6.4%	-6.4%
Commodities & Alternatives					
Commodities	Rogers International Commodity (RICI) TR	USD	4.6%	19.8%	19.8%
Agricultural Commodities	Rogers International Commodity (RICI) Agriculture TR	USD	1.7%	8.5%	8.5%
Oil	Brent Crude Oil	USD	-2.3%	10.5%	10.5%
Gold	Gold Spot	USD	9.8%	-0.3%	-0.3%
Hedge funds	HFRX Global Hedge Fund	USD	0.2%	-4.4%	-4.4%

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

10. Directory

Registered Office:

PO Box 255, Trafalgar Court,
Les Banques, St Peter Port,
Guernsey, GY1 3QL
Channel Islands

Manager:

Momentum Wealth International Limited
La Plaiderie House, La Plaiderie,
St Peter Port, Guernsey,
GY1 1WF
Channel Islands

Investment Manager:

Momentum Global Investment Management Limited
The Rex Building, 62 Queen Street,
London, EC4R 1EB
United Kingdom

Custodian: Northern Trust (Guernsey) Limited

PO Box 71, Trafalgar Court
Les Banques, St Peter Port
Guernsey GY1 3DA
Channel Islands

Administrator, Secretary & Registrar:

Northern Trust International Fund Administration
Services (Guernsey) Limited
Po Box 255, Trafalgar Court,
Les Banques, St Peter Port,
Guernsey, GY1 3QL
Channel Islands

Auditor:

Ernst & Young LLP, PO Box 9, Royal Chambers, St
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.

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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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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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