momentum

FGAM Global Cautious Fund IC Limited

quarter ended 31 March 2023

Q1

FG ASSET MANAGEMENT

Issue date: 2/5/2023

global investment 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	6,733,633.29	1.2272	$ 8,263,440.70
Share Class B	8,285,649.51	1.1056	$ 9,160,793.19

Source: Momentum Global Investment Management, 31 March 2023.

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 31 March 2023				
Returns (USD)	3 months	1 year	3 years annualised	5 years annualised	Since Inception annualised
FGAM Global Cautious[1]	**3.78%**	**-8.05%**	**1.91%**	**-0.92%**	**1.22%**
Benchmark[2]	3.51%	-9.69%	1.74%	0.83%	3.18%

	Performance to 31 March 2023				
Index returns (USD)	3 months	1 year	3 years annualised	5 years annualised	Since Inception annualised
Global equity[3]	7.31%	-7.44%	15.36%	6.94%	6.11%
Global fixed income	2.91%	-11.41%	-5.20%	-2.29%	2.01%

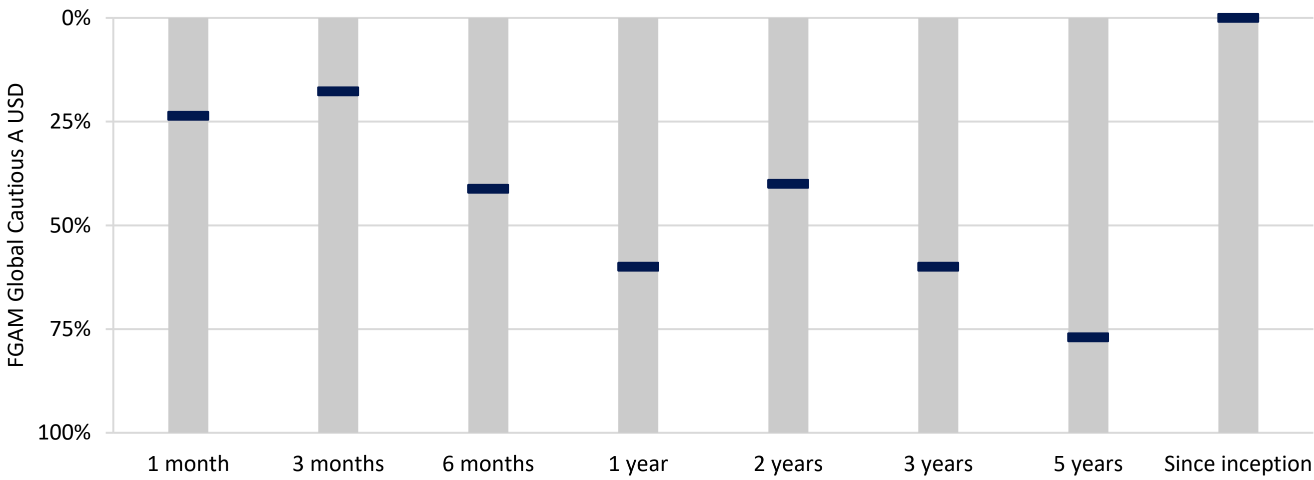
Cumulative returns

	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%
2022	+3.5%	(Nov 2022)	-6.3%	(Sep 2022)	-15.0%
Since inception	+5.1%	(Oct 2015)	-9.2%	(Mar 2020)	22.7%

[1]Inception date May 2006
[2]25% MSCI AC World, 50% Citigroup WorldBIG, 10% S&P Global Property, 10% LIBOR USD 7 day, 5% LIBOR EUR 7 day.
[3]The 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	**5/18**	**4/18**	**8/18**	**10/16**	**7/16**	**10/16**	**11/14**	**1/4**
Fund Performance	2.5%	3.8%	8.8%	-8.0%	-4.2%	1.9%	-0.9%	1.2%
Peer Max	3.8%	4.6%	19.2%	-0.5%	-1.0%	6.1%	2.4%	1.2%
Peer Min	-0.0%	1.6%	6.4%	-14.3%	-10.6%	-0.9%	-3.1%	-1.2%
Peer Median	1.7%	3.0%	8.4%	-7.3%	-4.7%	2.2%	0.3%	0.4%
Quartile Rank	1	1	2	3	2	3	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*

1.33%

Share Class B**

1.13%

* The FGAM Global Cautious Fund USD Class A has a Total Expense Ratio (TER) of 1.33%. The TER to 31 March 2023 is based on data for the period from 31 March 2022 to 31 March 2023; 1.33% 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.

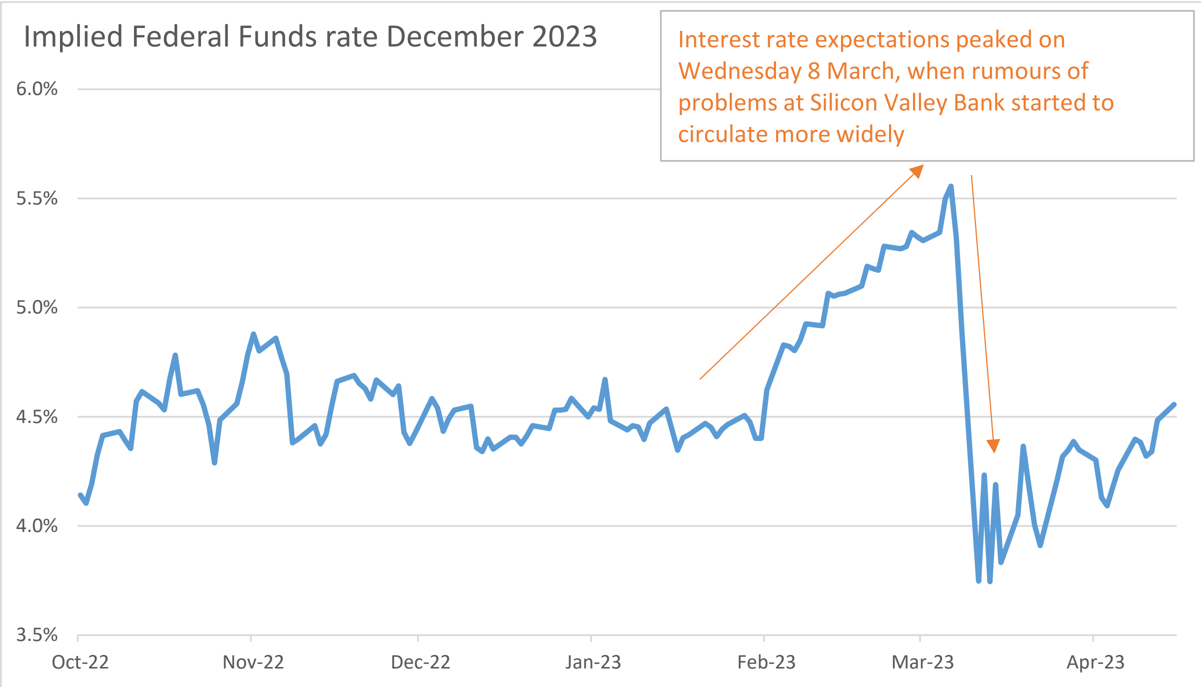
** The FGAM Global Cautious Fund USD Class B has a Total Expense Ratio (TER) of 1.13%. As at 31 March 2023, 1.13% of the Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. The ratio does not include transaction costs. A higher TER ratio 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

While most investments fell sharply in 2022, thankfully we have seen the opposite effect so far this year, with the majority of asset classes posting positive returns in the first quarter: global equities added +7.3% in the first three months of the year and global bonds added +3.0%, compared to falls of -18.4% and -16.9% respectively in 2022.

There is still a lot of uncertainty about the future path of interest rates in the US and elsewhere, hence volatility in bond markets remains significantly higher than was the norm before the start of 2022. One way to see this is by looking at expectations for what the level of short-term interest rates in the US will be, come December this year:



Source Momentum Global Investment Management, Bloomberg Finance L.P.

As can be seen in the chart, interest rate expectations for the end of 2023 increased by over a percent in February, before falling dramatically as news began to circulate of the imminent collapse of what, up to that point, had been a relatively little-known bank – Silicon Valley Bank (SVB).

As discussed in the market review section, we view SVB's woes and those of Credit Suisse as reflecting the problems of two poorly run companies rather than anything systemic, hence the resultant collapse in interest rate expectations was an overreaction in our view. While we don't think expectations will get back to their previous peak, we are happy to wait for a better opportunity to increase our bond allocation, and yields have been moving in our favour since bottoming in mid-March.

The portfolio posted a strong first quarter return of 3.5%, outperforming both its benchmark and peer median by 0.3% and 0.8% respectively. Asset allocation decisions were the primary contributor to the fund's performance during the quarter.

From a manager selection perspective, the main detractor during the quarter was the fund's exposure to value managers. Value stocks generated significant gains at the back end of 2022, but we saw a reversal of this during the first quarter as growth stocks rebounded, up 13.8%. Although the value biased managers within the portfolio (in particular Hotchkis & Wiley) were ahead of their value indices, they lagged the core index, in part due to the underweight to 'FAANG' stocks.

We saw a big resurgence in IT stocks in the first quarter. This was driven in part by stock specific news, with Meta and Tesla bouncing on strong earnings. There was also excitement around artificial intelligence generated by the unveiling of chatbots such as ChatGPT. Microsoft gained 20.5% as it is a substantial investor in ChatGPT and has plans to use AI to challenge Google's search engine dominance. Meanwhile Nvidia gained over 90% as a key player in the memory chip market, which will be key to powering artificial intelligence. As with any technology, there will be winners and losers; notably Alphabets Bard AI chatbot gave the wrong answer in a promotional video and the market reacted by wiping $100 billion from the company's valuation. Sands Capital Global Growth benefited from the growth stock resurgence, posting gains of 16.5% during the quarter, making it the best performing manager within the fund during the quarter.

Consumer discretionary and luxury goods brands also performed strongly in the first quarter, spurred by China's reopening. Mercadolibre, which could be described as the eBay of Latin America, gained 40% in January, while luxury goods companies Hermes International (+21%) and LVMH (+20%) also performed strongly.

In equity markets, every region posted positive gains in dollar terms and the best performing region was Europe, up 11.6%. The worst performing region was Emerging Markets which was still in positive territory, up 4.0%, whilst the S&P500 and the UK were somewhere in the middle, delivering 7.5% and 6.0% respectively.

From an asset allocation perspective, our gold allocation was a meaningful contributor during the quarter, with prices rising on the back of recession concerns and a flight to safety amid the sudden banking mini crisis triggered by the collapse of SVB. Central banks were net buyers of gold over the period.

As discussed above, we've been biding our time waiting for prices to move closer to our assessment of economic fundamentals. We have greater clarity over the interest rate outlook, with the peak in interest rates now likely to be close at hand in our assessment, but this positive signal is tempered by the rising risk of a recession. It is worth reiterating that our investments in companies depend on many quarters of future earnings, not just the next one or two which are of course sensitive to the timing of a potential recession. Our primary focus remains on the prices we are paying for investments and Equity Markets outside of the US continue to trade towards the lower end of their valuation range, on the basis of price to 12-month forward earnings, while fixed income securities now pay upwards of 1.2% per annum in real terms (the yield to maturity on 10 year Treasury Inflation Protected Securities as at the time of writing), a level not seen for over a decade. Add to that the fact that there are plenty of unloved assets in the fund, and the outlook looks reasonable on a medium-term view.

Source: Morningstar / Bloomberg, March 2023. ***Past performance is not indicative of future returns.***

6. Top ten holdings

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%

[1] Direct holding.
[2] Indirect holding.

FGAM Global Cautious March 2023			
	Security	Asset class	Weight
1	iShares $ TIPS	Fixed Income	16.26%
1	Xtrackers II US Treasuries ETF	Fixed Income	15.68%
1	iShares $ Treasury Bond 1-3yr	Fixed Income	10.53%
1	iShares $ Treasury Bond 3-7yr	Fixed Income	8.24%
1	iShares Physical Gold ETC	Commodities	7.25%
1	iShares US Corporate Bond Index	Fixed Income	5.92%
1	Maple-Brown Abbott Global Infrastructure	Infrastructure	3.71%
1	Artisan Global Value	Equity	3.64%
2	Robeco Multi-Factor Global Equity	Equity	3.11%
1	Fundsmith Equity	Equity	2.64%
			76.97%

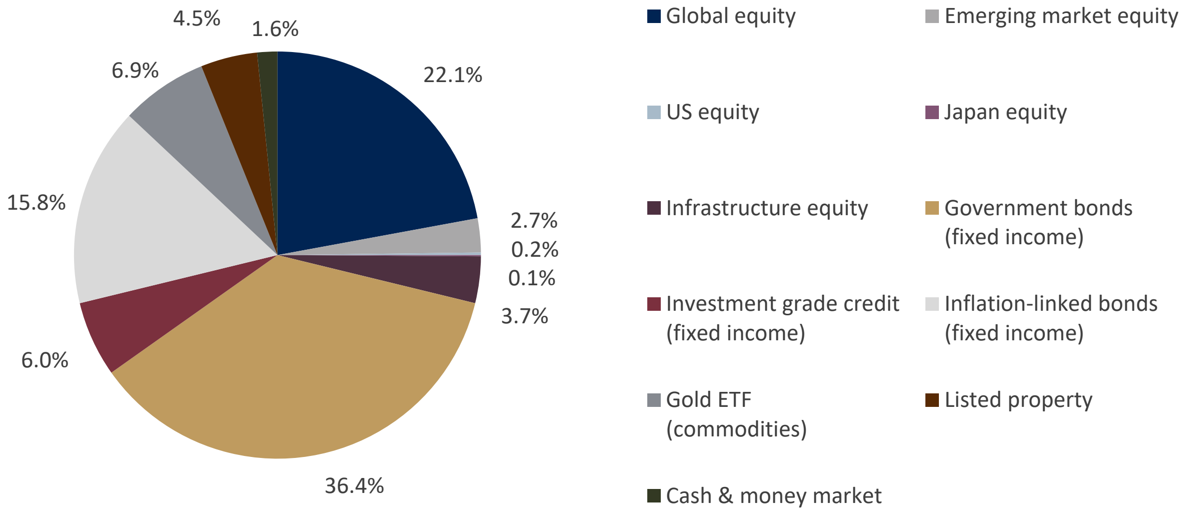
[1] Direct holding.
[2] Indirect holding.

Source: Momentum Global Investment Management, March 2023. ***Past performance is not indicative of future returns.***

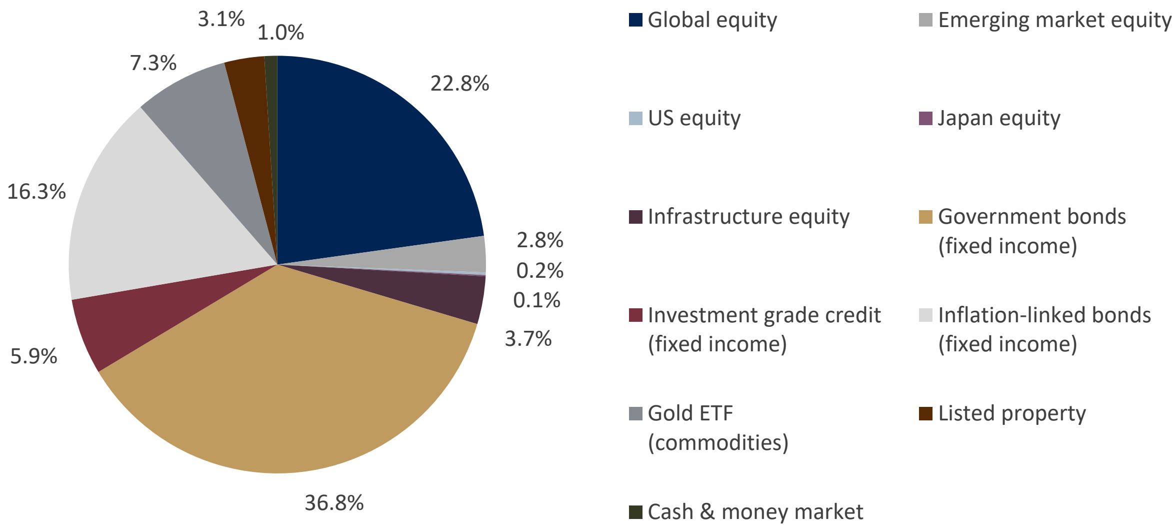
7. Fund exposures

Asset allocation*

December 2022



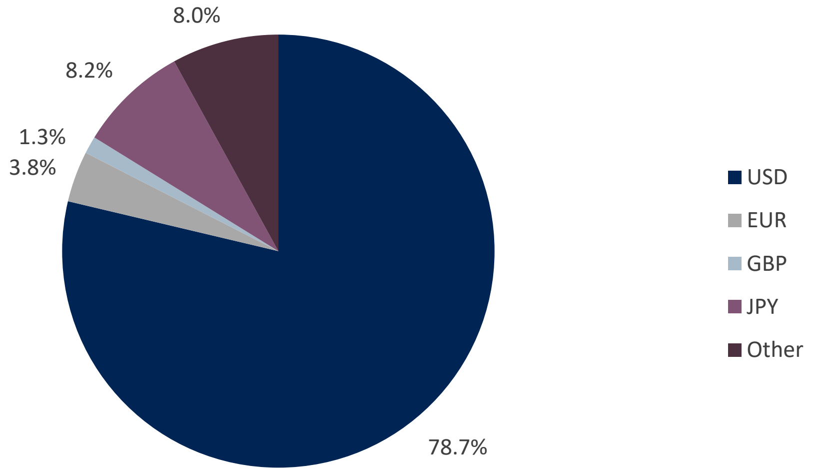
March 2023



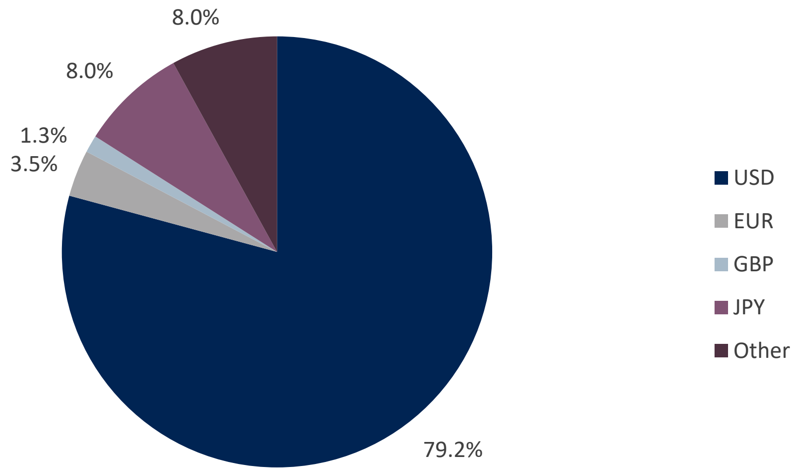
**Asset allocation figures reflect the strategy classification of the collective investment schemes (or similar schemes) held by the Fund and do not look through to the underlying holdings of such schemes.*
***Source:** Momentum Global Investment Management, March 2023.*

Currency Allocation

December 2022

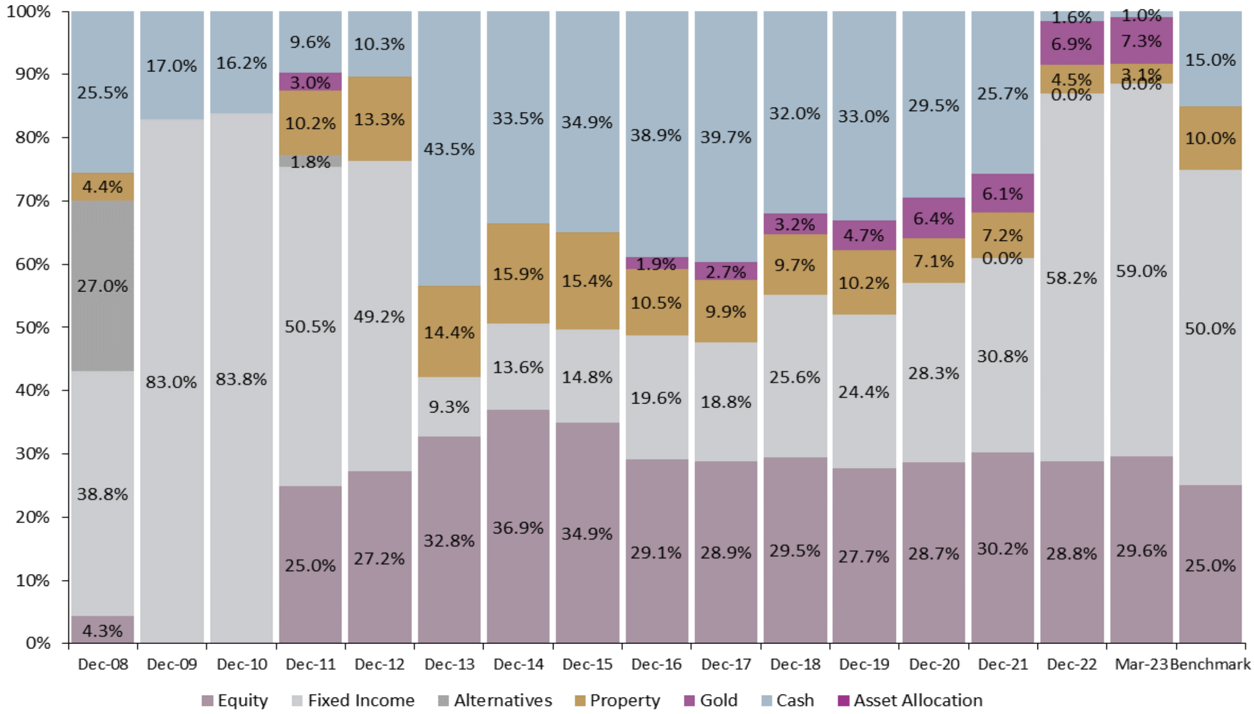


March 2023



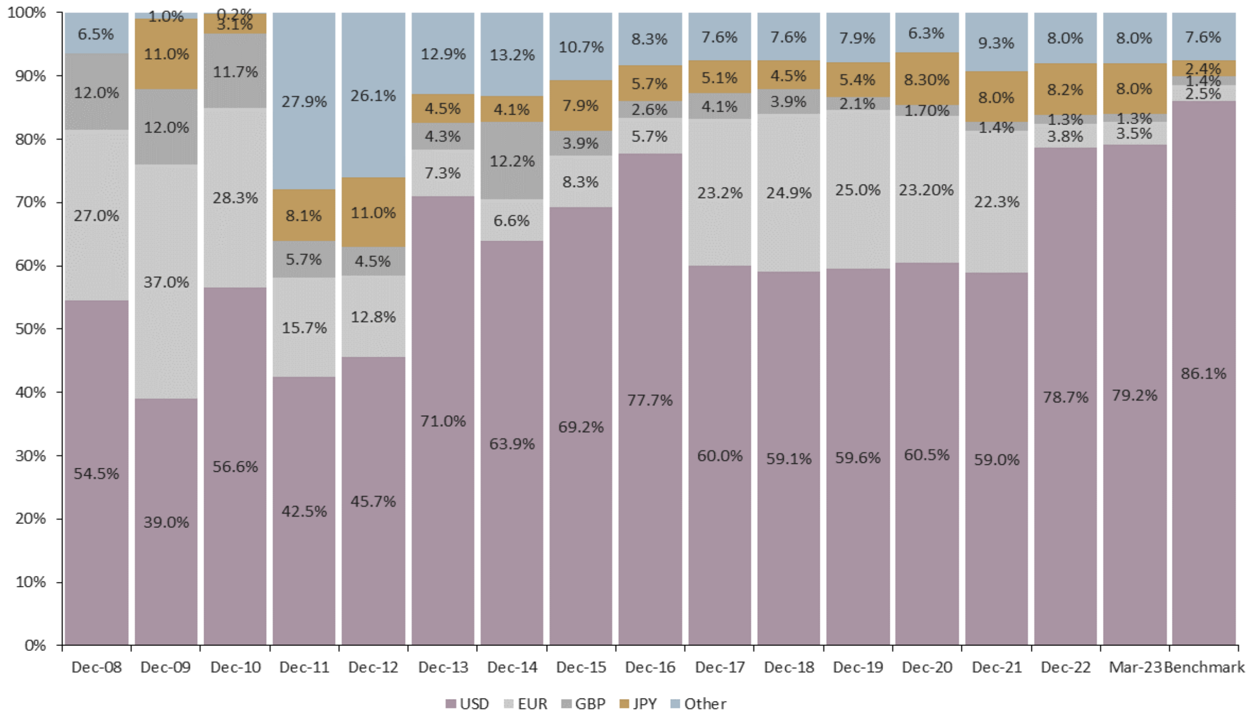
Source: *Momentum Global Investment Management, March 2023.*

Asset allocation over time



Source: Momentum Global Investment Management, March 2023

Currency allocation over time

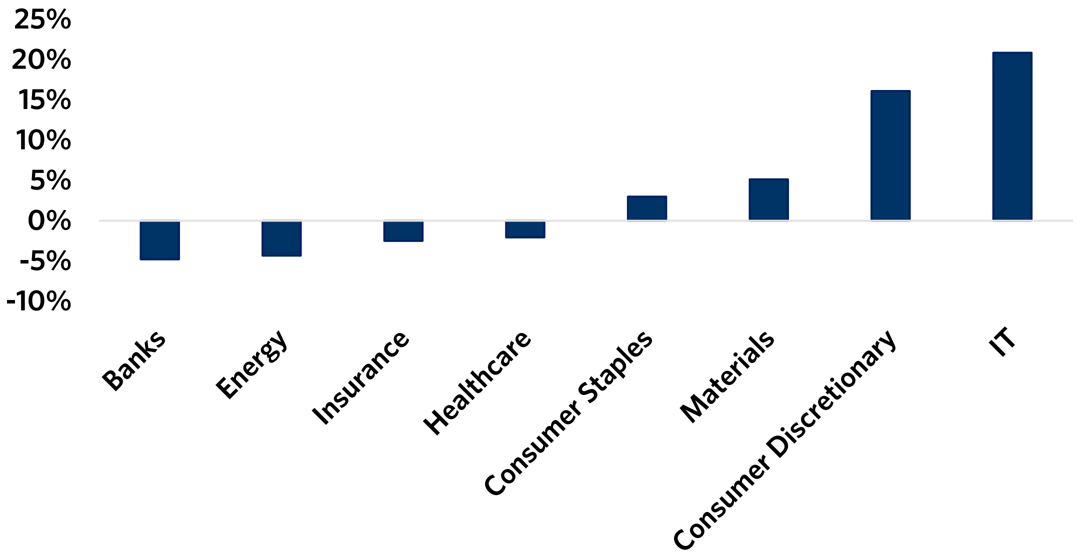


Source: Momentum Global Investment Management, March 2023. ***Past performance is not indicative of future returns.***

Q1 2023

The spectre of a banking crisis returned to haunt markets in the first quarter of the year, overshadowing all else. Almost exactly one year on from the Fed's first increase in interest rates in what has become the steepest and fastest tightening cycle in over 40 years, something significant was broken, with the collapse in March of two mid-sized banks in the US and the fall of the much bigger Credit Suisse into the hands of its Swiss rival UBS, a transaction orchestrated by Swiss regulators. While there was no direct contagion between the two failed US regional banks, Silicon Valley Bank (SVB) and Signature, nor in the case of the globally systemically important Credit Suisse, there is no doubt that the dramatic shift from ultra-loose monetary policy to the highest policy rates since the GFC, tightened liquidity, rising bond yields and a steep inversion in the yield curve, played a significant part in each of the failures.

MSCI World Sector returns Q1 2023 – banks weak, IT and consumer discretionary strong

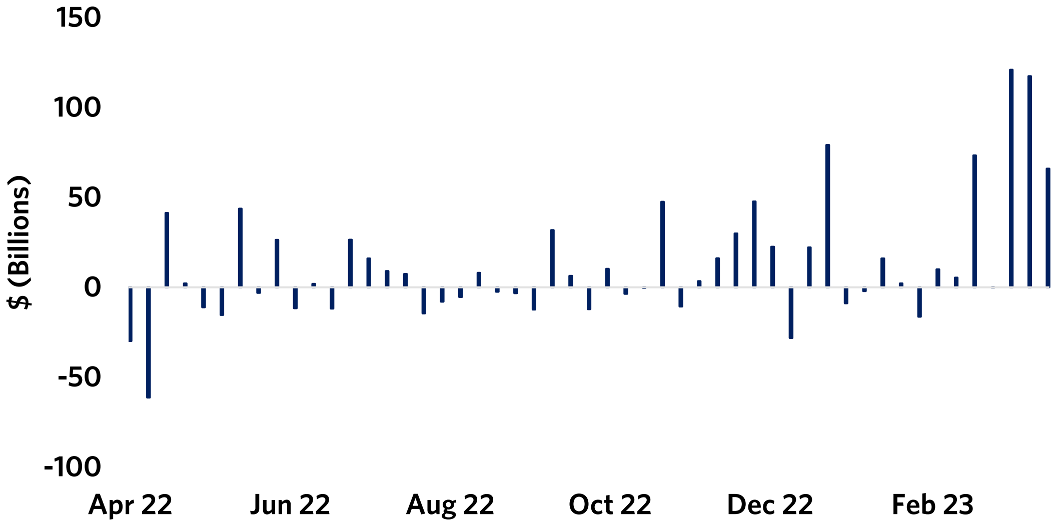


Source Bloomberg Finance L.P as at 29 March 2023.

When sizeable banks fail investors are rightly nervous, and this was immediately reflected in markets. Within a few days of the collapse of SVB, US equities had sold off by close to 5% and in Europe by 7%, arguably a more muted reaction than might have been expected, although shares of banks inevitably suffered much larger falls, with the MSCI World Banks index down by 16%, wiping out all of the sector's earlier gains this year when banks had performed well, seen as beneficiaries of higher interest rates.

The biggest moves however were in bond markets as fears of recession rose and investors priced in early cuts in the Fed's and other central banks' policy rates. In early March the US Treasury 10Y bond yield was around 4%, but within a few days had fallen to 3.4%, while the drop in the 2Y yield was even sharper, from 5.1% to 3.8%. Most of the move in longer term bond yields was driven by falling real yields; the 10Y inflation breakeven rate is little changed between the end of December 2022 and end March at around 2.3%, whereas 10Y real rates have fallen by over 40bps to 1.16%. The sharp drop in nominal and real yields provided some support for equities, and underpinned a big recovery in growth stocks, led by the IT sector, up by 21% in Q1. The flight to safe havens triggered a 10% rise in the gold price, while the fear of other bank failures led to a deposit flight from mid-sized banks, with a surge in inflows to money market funds, intensifying the competition for deposits.

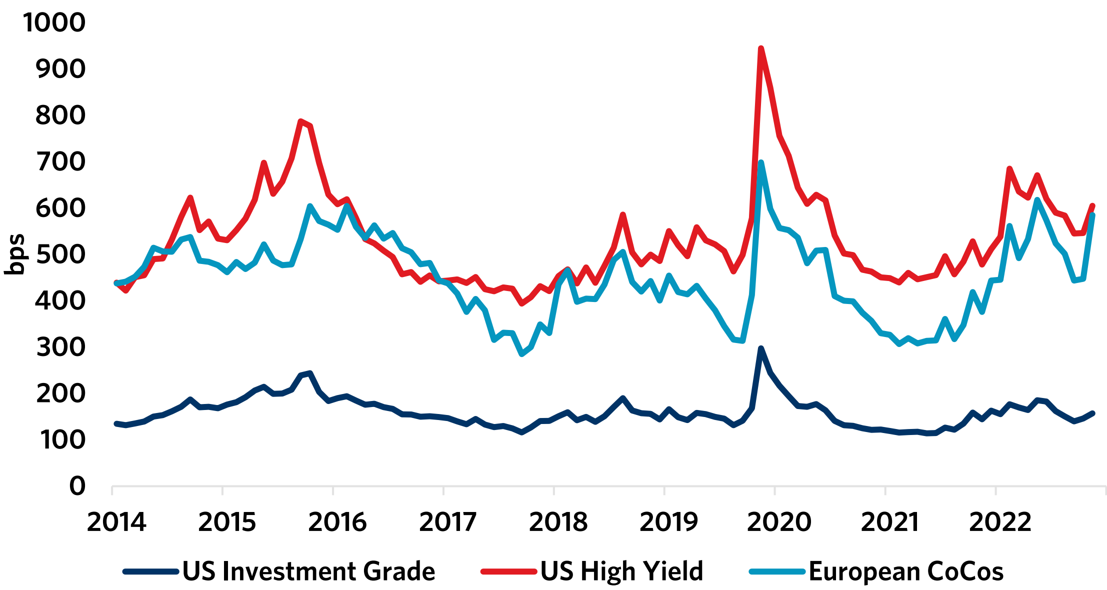
Surge in inflows to money market funds in March – weekly flows



Source: Bloomberg Finance L.P. as at 29 March 2023

Credit spreads widened as perceived default risks rose, but the biggest casualty in fixed income was debt issued by banks following the shock decision by the Swiss regulator to wipe out Credit Suisse's CHF16bn worth of Additional Tier 1 (AT1) contingent convertible bonds while attaching value to the equity. The AT1 market is relatively new, having been established post-GFC by European regulators to provide banks with an additional loss-absorbing capital buffer, converting into equity or potentially being wiped out if Common Equity Tier 1 (CET1) falls below certain triggers. The established hierarchy of corporate stakeholder seniority, with AT1 impacted only when CET1 is wiped out, appeared to be thrown into doubt by the Credit Suisse experience, leading to an immediate 20-25% fall in the $270bn AT1 market. This stabilised only when the ECB and Bank of England issued unambiguous statements confirming the hierarchy of creditors under their jurisdictions, with shareholders bearing losses ahead of AT1 bonds, leaving the Swiss as an outlier.

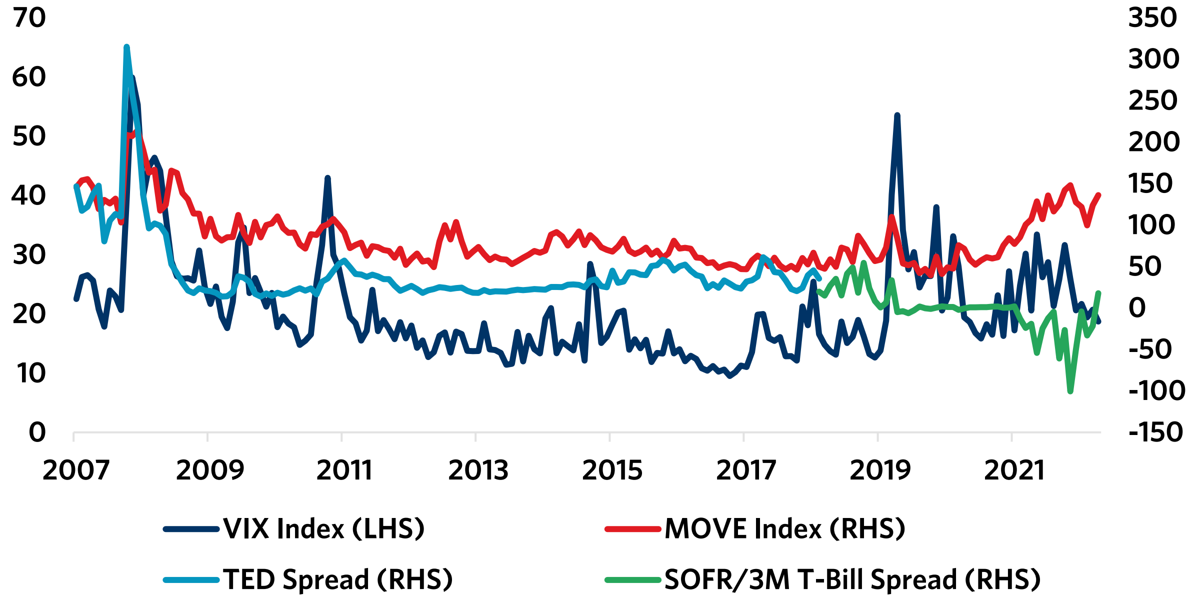
Credit spreads widen – especially for bank debt



Source: Bloomberg Finance L.P. as at 31 March 2023. European CoCos are Additional Tier 1 bonds issued by banks.

While volatility increased, especially in bond markets, nothing suggested acute distress across the banking sector or among investors generally. Each of the bank failures was idiosyncratic in nature, SVB and Signature Banks suffering from concentrated client exposures respectively in early-stage growth companies and crypto, leading to a run on deposits, while Credit Suisse paid the price for seemingly endless problems and poor management over a long period with weak profitability and falling assets. Regulators in the US and Europe responded rapidly and forcefully to arrest contagion risks, and the Fed, along with the FDIC and the Treasury, provided full protection to depositors of the failed US banks, as well as making substantial liquidity available to US banks through a new term lending facility. Following the Credit Suisse failure, other central banks joined the Fed in co-ordinated action to ensure sufficient liquidity in US dollars globally.

Volatility rises, risk appetite falls – reflected in bonds and overnight lending (TED/SOFR spreads)



Source: Bloomberg Finance L.P. Data for the LIBOR/3M T-Bill 'TED Spread' ends at 31/01/2019. From that date forward the spread between the US Secured Overnight Financing Rate (SOFR) and 3M T-Bills are used instead. The VIX and MOVE indexes measure volatility in equity and bond markets respectively, data as at 31 March 2023.

While further casualties of the increasingly tight monetary policy cycle are possible, and probably inevitable, we see no parallels with the banking crash which led to the global financial crisis (GFC). There are no systemic risks arising from the collapsed banks, and the prompt action by central banks and regulators has minimised contagion risks. The GFC was a solvency issue for banks as the value of their (mostly mortgage related) loans collapsed, while the problem with today's failures was liquidity; in contrast to today, in 2008 banks were lightly regulated and under-capitalised and faced massive counterparty risks and funding shortages. The tightening of regulations post the GFC and more conservative risk management of banks has resulted in much stronger balance sheets, bigger capital buffers and greater resilience, and although the mark-to-market value of so called 'held to maturity' bonds would crystallise some trading losses were they sold, the impact to bank capital in aggregate would be limited and non-systemic.

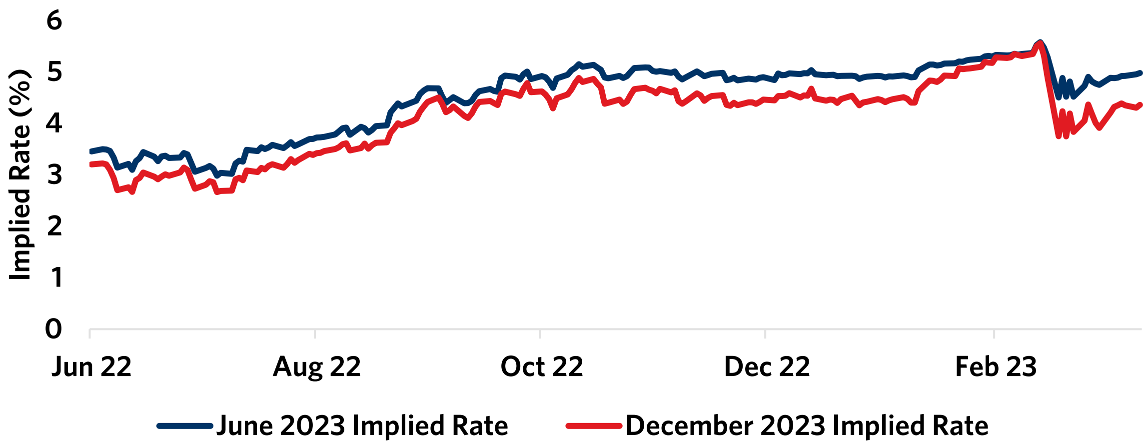
After the initial shock, markets settled down and by the end of March equities had mostly regained the ground lost in the immediate sell-off, leaving US equities up 3.6% in March and 7.4% for Q1, MSCI World similarly +3.1% and +7.7% respectively and global emerging markets +3.0% and +4.0%. The more telling moves came in bond markets, with yields backing up somewhat after the initial sharp falls but remaining well below levels prevailing before the bank crisis. The failure of large banks damages confidence, increases risk aversion, raises the cost of capital as banks tighten lending standards, and tightens financial conditions, all of which increase the chances of a hard landing. The market immediately priced in lower expectations for the Federal Funds rate with the peak policy rate now expected earlier, during the second quarter of the year, and only a 50% chance of a further rise in the policy rate, whereas in early March the peak in rates was expected to be significantly higher at around 5.75%.

The big falls in yields resulted in a strong performance for government bonds in March, with US Treasuries returning 2.9%, ahead of high yield bonds, +1.1% and emerging market bonds, +1.8%. In an unusually volatile period for bonds, over the quarter global government bonds returned 3.1%, with corporate investment grade and high yield bonds generally performing slightly ahead of safe haven governments bonds.

Prior to the banking troubles in March, hopes had been rising for a softer landing as the US economy proved to be resilient while Europe appeared to have avoided a recession through the winter as gas prices collapsed, and China's post-Covid re-opening boosted growth. As in earlier months, leading indicators for most countries were above expectations in March, especially in the services sector, and pointed to continuing growth. But just as growth was better than expected, the labour market remained very tight, and inflation proved to be much stickier than forecast. Markets had to adjust to an increasingly hawkish Fed, matched by most other major central banks, all of which continued to prioritise the fight against inflation over financial stability risks, which, following the bank collapses, central banks handled through liquidity injections and rapid and forceful regulatory moves to prevent contagion.

The resolve to bring inflation firmly under control was reflected in further rises in policy rates after the banking problems erupted; the Fed pushed rates up by 0.25% to 5%, the ECB by 50bps to 3%, the Bank of England by 0.25% to 4.25% and the Swiss National Bank by 50bps to 1.5%. The notable and continued outlier remains the Bank of Japan, where policy rates remain negative, but with outgoing Governor Kuroda passing the baton to the non-establishment academic Kazuo Ueda, expectations are growing that a regime shift away from the largely exhausted yield curve control (YCC) will ultimately yield higher rates in the land of the rising sun. In the US, the impact of the banking difficulties led to a more cautious stance about further tightening, with the Fed noting that 'recent developments are likely to result in tighter credit conditions….and weigh on economic activity, hiring and inflation' the effect of which Powell suggested could be equivalent to an interest rate rise of 0.25% or more. The Fed sees growth risks to the downside, and gave a clear signal, both from a softer statement and its quarterly forecasts of the policy committee's members (the 'Dot Plot'), that only one more rate rise is now anticipated this year, before rate cuts through 2024. The market's view of where rates will be at year end changed much more dramatically, with Fed Funds futures now pointing to a rate of 4.3% by end 2023, whereas on March 8th, just before the collapse of SVB, the end year expectation was 5.6%.

Market expectations for Fed Funds rate fall sharply in March*



*Source: Bloomberg Finance L.P. as at 4 April 2023. *The chart shows Fed Funds rate futures for June 2023 and December 2023 over past 9 months*

Much depends on the continuing stability of the financial system after the March crisis, and the path of inflation and growth. So far, the banking system has weathered the immediate storm extremely well, and remains financially very strong and resilient. There are areas of concern, notably the exposure of mid-sized banks to commercial real estate loans, although these are on a much smaller scale than troubled loans in the GFC, and seem manageable. Markets have reacted reasonably calmly, and pockets of stress are limited. However, the probability of recession has increased and monetary policy, which acts with lags, remains very tight. The full consequences of that tightening, both in the financial system and the real economy, are yet to play out. Central banks have a difficult balancing act, reining in inflation while maintaining financial stability and avoiding recession. Events in March have made that task that much more difficult; policy overkill is an increasing risk.

It now seems that the peak in the tightening cycle has either been reached or is very close, and the peak in the market's expectations of the Fed Funds rate has almost certainly been passed. That is an important turning point in the cycle and is a support for valuations of assets. The peak in the inflation cycle has also been reached, and inflation will fall sharply through 2023 as base effects fall away, the energy price falls in recent months feed through, and supply chain improvements continue to ease pricing pressures. Uncertainties remain about the pace of the slowdown in core inflation, but the seeming inevitability of tighter and more expensive credit ahead, and resultant fall in growth, increases the probability of a more balanced labour market and a sustained fall in inflation.

Markets face a difficult conundrum; on the one hand, interest rates are at or very close to a cyclical peak and bond yields have fallen sharply in recent weeks, supporting valuations of other asset classes; on the other, the risks of a recession in coming months have increased materially, with the inevitable consequences of credit contraction, earnings weakness and higher default risks. While less attractive than a month ago, there are still valuation opportunities in government bonds, as well as other parts of the fixed income sector, and for the first time in years cash is a viable instrument to achieve target returns and manage risk in multi-asset portfolios. Equities also offer some valuation opportunities but are overhung by the risk of recession and earnings weakness. They have generally held up well through the challenges of March, and some consolidation is now likely. Recovery lies ahead and we are optimistic for markets over the next twelve months, but believe it is prudent to temper that optimism in the short term given the heightened risks of recession. We are therefore taking opportunities to add to defensive assets in real (inflation linked) and nominal bonds while biding our time before adding to risk assets.

Source: Momentum, March 2023. **Past performance is not indicative of future returns**

9. Market performance

	To 31 March 2023			
Asset class/region	Local Currency	Quarter	Year-to-date	12 months
Developed markets equities				
United States	USD	7.4%	7.4%	-8.2%
United Kingdom	GBP	3.2%	3.2%	5.6%
Continental Europe	EUR	9.9%	9.9%	4.5%
Japan	JPY	7.2%	7.2%	5.8%
Asia Pacific (ex Japan)	USD	4.1%	4.1%	-8.9%
Global	USD	7.7%	7.7%	-7.0%
Emerging markets equities				
Emerging Europe	USD	1.5%	1.5%	1.0%
Emerging Asia	USD	4.8%	4.8%	-9.4%
Emerging Latin America	USD	3.9%	3.9%	-11.1%
BRICs	USD	0.8%	0.8%	-8.3%
China	USD	4.7%	4.7%	-4.7%
Global emerging markets	USD	4.0%	4.0%	-10.7%
Bonds				
US Treasuries	USD	3.1%	3.1%	-4.4%
US Treasuries (inflation protected)	USD	3.4%	3.4%	-6.5%
US Corporate (investment grade)	USD	3.4%	3.4%	-5.2%
US High Yield	USD	3.7%	3.7%	-3.6%
UK Gilts	GBP	2.2%	2.2%	-16.7%
UK Corporate (investment grade)	GBP	2.4%	2.4%	-10.3%
Euro Government Bonds	EUR	2.6%	2.6%	-11.8%
Euro Corporate (investment grade)	EUR	1.6%	1.6%	-7.7%
Euro High Yield	EUR	2.7%	2.7%	-4.5%
Japanese Government	JPY	2.4%	2.4%	-1.8%
Australian Government	AUD	5.1%	5.1%	0.4%
Global Government Bonds	USD	3.2%	3.2%	-9.0%
Global Bonds	USD	3.0%	3.0%	-8.4%
Global Convertible Bonds	USD	2.5%	2.5%	-10.5%
Emerging Market Bonds	USD	1.9%	1.9%	-8.4%

Source: Bloomberg Finance L.P. March 2023. ***Past performance is not indicative of future returns.***

	To 31 March 2023			
Asset class/region	Currency	Quarter	Year-to-date	12 months
Property				
US Property Securities	USD	2.4%	2.4%	-20.2%
Australian Property Securities	AUD	-0.2%	-0.2%	-17.8%
Asia Property Securities	USD	-3.2%	-3.2%	-11.8%
Global Property Securities	USD	0.3%	0.3%	-20.5%
Currencies				
Euro	USD	1.5%	1.5%	-1.9%
UK Pound Sterling	USD	2.1%	2.1%	-6.0%
Japanese Yen	USD	-1.3%	-1.3%	-8.4%
Australian Dollar	USD	-1.8%	-1.8%	-10.6%
South African Rand	USD	-3.9%	-3.9%	-17.5%
Commodities & Alternatives				
Commodities	USD	-4.7%	-4.7%	-10.0%
Agricultural Commodities	USD	-0.4%	-0.4%	-8.1%
Oil	USD	-7.1%	-7.1%	-26.1%
Gold	USD	8.0%	8.0%	1.3%
Hedge funds	USD	0.0%	0.0%	-3.1%
Hedge funds	USD	0.2%	0.2%	-0.9%

Source: Bloomberg Finance L.P. March 2023. ***Past performance is not indicative of future returns.***

10. Directory

Registered Office:
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Channel Islands

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Administrator, Secretary & Registrar:
Northern Trust International Fund Administration Services (Guernsey) Limited
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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.

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 or give any 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.

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).

Momentum Wealth International Limited is the Fund Manager, licensed by the Guernsey Financial Services Commission, with its registered office at La Plaiderie House, La Plaiderie, St Peter Port, Guernsey, GY1 1WF. Momentum Wealth International Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002 in South Africa. Momentum Wealth International Limited is a full member of the Association for Savings and Investments SA (ASISA).

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.

Momentum Global Investment Management Limited (MGIM) is authorised and regulated by the Financial Conduct Authority in the United Kingdom, and is exempt from the requirements of section 7(1) of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS) in South Africa, in terms of the FSCA FAIS Notice 141 of 2021 (published 15 December 2021). For complaints relating to MGIM's financial services, please contact DistributionServices@momentum.co.uk.

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.