

FGAM Global Growth Fund IC Limited

quarter ended 29 December 2023

Q4



FG ASSET MANAGEMENT

Issue date: 31/1/2024

Table of Contents

1.	Participatory interests and Net Asset Value.....	3
2.	Investment policy & objective.....	3
3.	Fund and index performance Share Class A.....	4
4.	Total Expense Ratio	6
5.	Portfolio commentary.....	7
6.	Top ten holdings.....	9
7.	Fund exposures.....	10
8.	Market commentary.....	13
9.	Market performance	20
10.	Directory	22
	Important notes	23

1. Participatory interests and Net Asset Value

Class of Shares	Shares In Issue	Price Per Share	Total Net Asset Value
Share Class A	14,736,841.48	1.6948	\$ 24,975,525.03
Share Class B	17,118,106.86	1.5027	\$ 25,722,734.98

Source: Momentum Global Investment Management, 29 December 2023.

2. Investment policy & objective

Investment objective

The investment objective of the Fund is to achieve capital appreciation over capital preservation during the full investment cycle. The Fund is ideally suited to investors with a high risk tolerance and an investment horizon of 5 years or longer.

The Fund intends to achieve its investment objective through a diversified global portfolio primarily consisting of investments in participatory interests of portfolios of collective investment schemes or other similar schemes.

Investment policy

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. The Fund will invest in participatory interests of underlying portfolios which provide exposure to a wide range of asset classes including but not limited to cash and/or money market instruments, bonds, international equities, property and commodities. 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

Returns (USD)	Performance to 29 December 2023				
	3 months	1 year	3 years annualised	5 years annualised	Since Inception annualised
FGAM Global Growth¹	9.6%	15.1%	0.4%	5.0%	3.0%
Benchmark ²	10.2%	17.8%	3.3%	8.6%	5.9%

Index returns (USD)	Performance to 29 December 2023				
	3 months	1 year	3 years annualised	5 years annualised	Since Inception annualised
Global equity ³	11.0%	22.2%	5.7%	11.7%	6.6%
Global fixed income	6.3%	6.6%	-6.7%	-1.1%	2.1%

Cumulative returns

	Highest performance		Lowest performance		Cumulative performance
2006	+2.8%	(Nov 2006)	-2.8%	(Jun 2006)	9.8%
2007	+3.4%	(Sep 2007)	-2.3%	(Nov 2007)	6.9%
2008	+3.0%	(Dec 2008)	-16.4%	(Oct 2008)	-35.7%
2009	+8.1%	(May 2009)	-5.9%	(Jan 2009)	22.6%
2010	+6.4%	(Sep 2010)	-8.8%	(May 2010)	4.6%
2011	+4.7%	(Oct 2011)	-7.8%	(Sep 2011)	-8.1%
2012	+6.1%	(Jan 2012)	-6.7%	(May 2012)	14.6%
2013	+4.5%	(Sep 2013)	-5.7%	(Jun 2013)	17.9%
2014	+4.0%	(Feb 2014)	-2.9%	(Sep 2014)	0.9%
2015	+9.2%	(Oct 2015)	-6.5%	(Aug 2015)	-4.9%
2016	+7.1%	(Mar 2016)	-8.4%	(Jan 2016)	7.1%
2017	+3.3%	(Jan 2017)	0.1%	(Aug 2017)	22.3%
2018	+4.2%	(Jan 2018)	-8.6%	(Oct 2018)	-11.9%
2019	+7.7%	(Jan 2019)	-5.6%	(May 2019)	18.8%
2020	+9.6%	(Apr 2020)	-16.5%	(Mar 2020)	6.0%
2021	+4.9%	(Apr 2021)	-3.2%	(Sep 2021)	10.3%
2022	+5.2%	(Nov 2022)	-9.3%	(Sep 2022)	-20.3%
2023	+7.9%	(Nov 2023)	-4.1%	(Sep 2023)	15.1%
Since inception	+9.6%	(Apr 2020)	-16.5%	(Mar 2020)	69.5%

¹Inception date May 2006

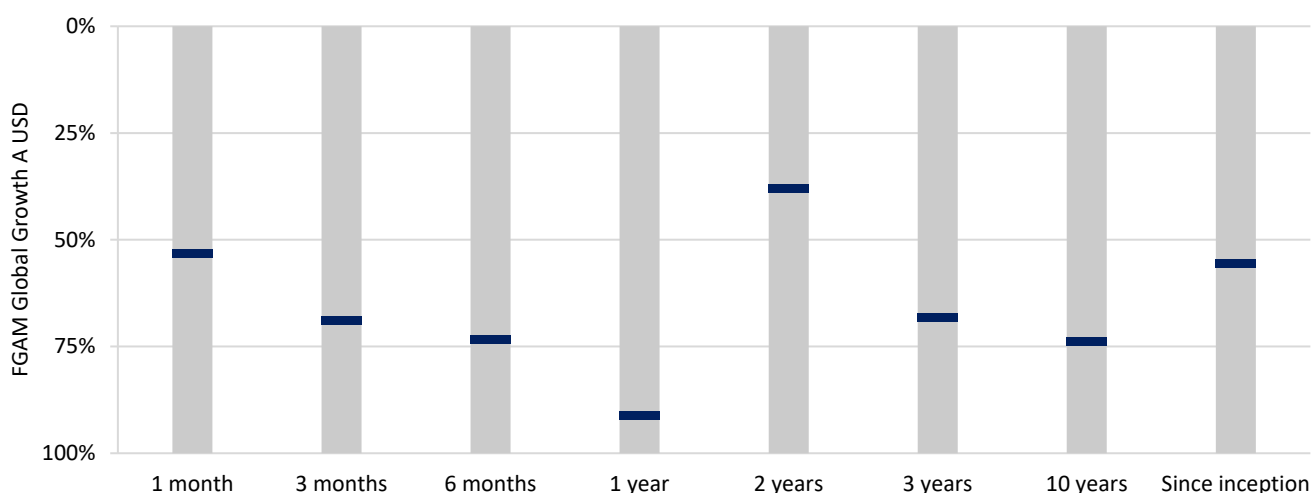
²70% MSCI AC World, 15% Citigroup WorldBIG, 10% S&P Global Listed Property, 5% LIBOR USD 7 day

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

⁴The cash component of the fund benchmarks changed from USD (EUR) LIBID to USD (EUR) LIBOR 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 Aggressive Allocation. **Past performance is not indicative of future returns.**

FGAM Global Growth versus peers



	1 month	3 months	6 months	1 year	2 years	3 years	10 years	Since inception
FGAM Global Growth A USD Peer Rank	22/46	15/46	13/46	5/46	27/43	14/42	7/24	5/10
Fund Performance	4.4%	9.6%	5.6%	15.1%	-4.2%	0.4%	3.5%	3.0%
Peer Max	6.1%	11.9%	7.7%	18.9%	1.6%	3.2%	5.5%	4.6%
Peer Min	2.2%	4.3%	2.6%	4.7%	-8.8%	-6.4%	-2.0%	-0.6%
Peer Median	4.3%	8.8%	5.3%	11.3%	-3.9%	-0.3%	2.9%	2.8%
Quartile Rank	2	2	2	1	3	2	2	2

Source: Morningstar, Peer group median: **Morningstar USD Moderate 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*

1.50%

Share Class B**

1.28%

* The FGAM Global Growth Fund USD Class A has a Total Expense Ratio (TER) of 1.50%. The TER to 29 December 2023 is based on data for the period 30 December 2022 to 29 December 2023, 1.50% 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 Growth Fund USD Class B has a Total Expense Ratio (TER) of 1.28%. As at 29 December 2023, 1.28% 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

The key driver of markets over the past couple of years has been interest rates, and the fourth quarter of 2023 was no different. Both equities and bonds suffered in early October due to concerns around the 'higher for longer' narrative, but excitement regarding potential rate cuts by central banks led to a bounce across various asset classes shortly after.

Q4 ended up being a great quarter for equities, led by developed markets which returned 11.4% in US dollar terms. Breaking this down, the main driver of this performance was the US (11.7%) which is skewed towards growth stocks, whilst UK and Japanese equities posted smaller gains (3.2% and 2.0% respectively; all returns in dollars). Emerging market equities fell slightly short due to concerns around the real estate sector in China, but still generated a healthy 7.9% over the period. Growth equities were up by 13.3% as fears of a 'higher for longer' interest rate environment softened, although value equities still delivered an impressive 9.3%. Small-caps, which have also come under pressure of late, rebounded strongly during the fourth quarter and were up 12.6%.

Q4 also saw the best quarterly performance in over two decades for fixed income markets. Positive performance across the board was driven by a potential shift in monetary policy towards rate cuts as early as March 2024. Global government bonds delivered an impressive 8.0% during the quarter, driven by the UK (8.6%) and Europe (6.3-7.5% across various countries). US government bonds were in positive territory but slightly behind (5.7%) whereas Japanese government bonds delivered muted performance (0.9%). Despite expectations of a growth slowdown, credit markets rallied due to rising hopes that a deep recession could be avoided. Investment grade and high yield bonds delivered strong performance across regions, and emerging market debt was the top performing sector delivering 9.3% during the quarter.

Commodities was the only asset class to generate negative performance during the quarter. Although gold and precious metals were up, weaker prices within other areas more than offset this, in particular the energy sector which was impacted by the decline in oil prices.

The portfolio had a strong quarter in absolute terms but lagged its composite benchmark. The biggest contributors to returns were the fund's 64% allocation to equities, which added 7.2%, while the fund's property and infrastructure allocation added a further 1.0%. On a relative basis, manager selection contributed whilst asset allocation overall was a detractor. The key driver was the fund's relatively defensive positioning and underweight exposure to equities and property. The position in gold was additive whereas assets including cash, Treasury Inflation Protected Securities (TIPS) and short duration government bonds lagged the strong up-market.

In terms of individual funds, stand out performers during the fourth quarter include the Sands Global Growth portfolio, up 21.6%, and the Catalyst Global Real Estate fund, which added 16.9%. On the other hand, although most funds were in positive territory on an absolute basis there were some that lagged their indices, including Morgan Stanley Global Brands and Nedgroup Global Equity which suffered due to their lower exposure to US tech stocks.

Zooming out on full year 2023 performance, the portfolio produced strong positive performance, driven by its 68% allocation to equities. Similar to last quarter, relative returns were behind the composite benchmark. Key drivers of this were within fixed income, where US nominal and inflation protected Treasuries underperformed government bonds from the other major developed markets when hedged into dollars; and among our equity managers, several of whom were underweight the mega-cap technology names which dominated headlines during the year.

It can be difficult to keep up with the benchmark when markets experience an ‘almost everything’ rally but the Growth portfolio broadly managed this during the final quarter of the year. We caution against chasing returns of the richly valued, momentum stocks that have been dubbed the ‘Magnificent 7’ as these are priced for perfection and risk a sharp decline if this perfection is not delivered. We remain comfortable and optimistic about the shape of the portfolio going forwards.

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

6. Top ten holdings

FGAM Global Growth September 2023		
Security	Asset class	Weight
1 Sands Capital Global Growth	Equity	8.0%
1 Cash	Cash	7.8%
1 iShares Core MSCI World	Equity	7.4%
1 Artisan Global Value	Equity	7.3%
2 Robeco Multi-Factor Global Equity	Equity	6.9%
1 Fundsmith Equity	Equity	5.5%
1 Xtrackers II US Treasuries ETF	Fixed Income	5.5%
1 Morgan Stanley Global Brands	Equity	5.4%
1 Maple-Brown Abbott Global Infrastructure	Infrastructure	5.2%
1 iShares \$ TIPS	Fixed Income	4.6%
Total		63.6%

¹ Direct holding.

² Indirect holding.

FGAM Global Growth December 2023		
Security	Asset class	Weight
1 iShares Core MSCI World	Equity	9.5%
1 Sands Capital Global Growth	Equity	8.0%
1 Cash	Cash	7.6%
1 Xtrackers II US Treasuries ETF	Fixed Income	7.4%
1 Artisan Global Value	Equity	6.9%
2 Robeco Multi-Factor Global Equity	Equity	6.5%
1 Fundsmith Equity	Equity	5.4%
1 Maple-Brown Abbott Global Infrastructure	Infrastructure	5.4%
1 Morgan Stanley Global Brands	Equity	5.0%
1 iShares \$ TIPS	Fixed Income	4.5%
Total		66.1%

¹ Direct holding.

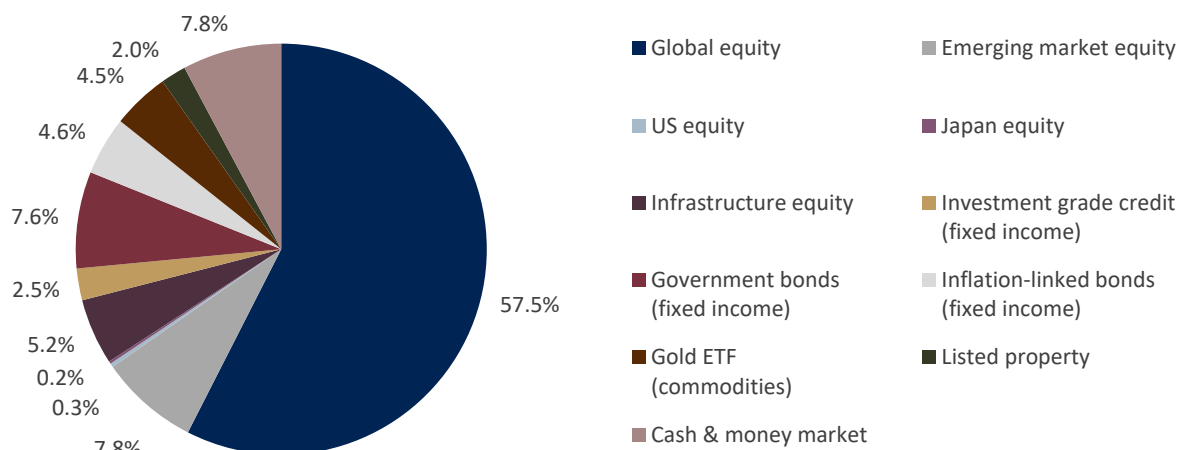
² Indirect holding.

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

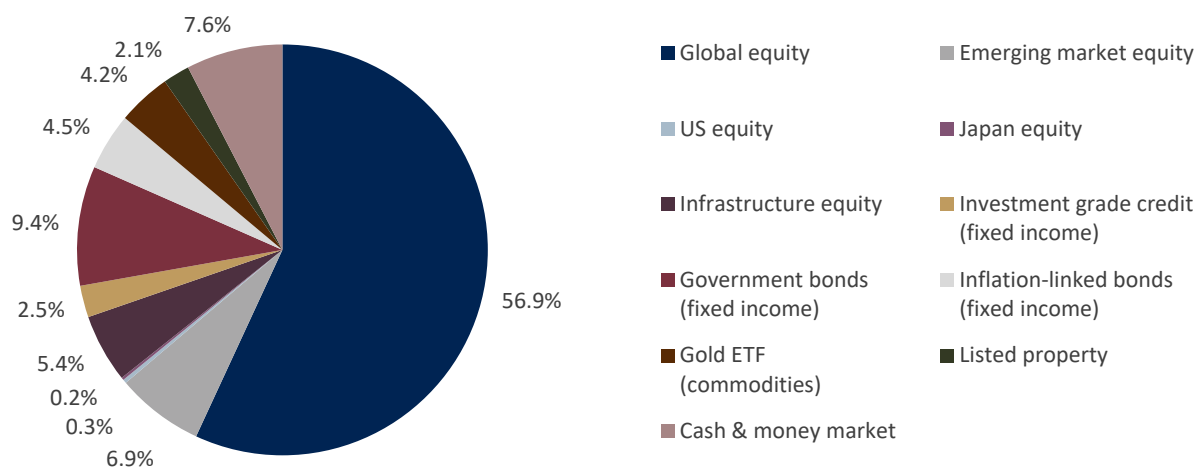
7. Fund exposures

Asset allocation*

September 2023



December 2023

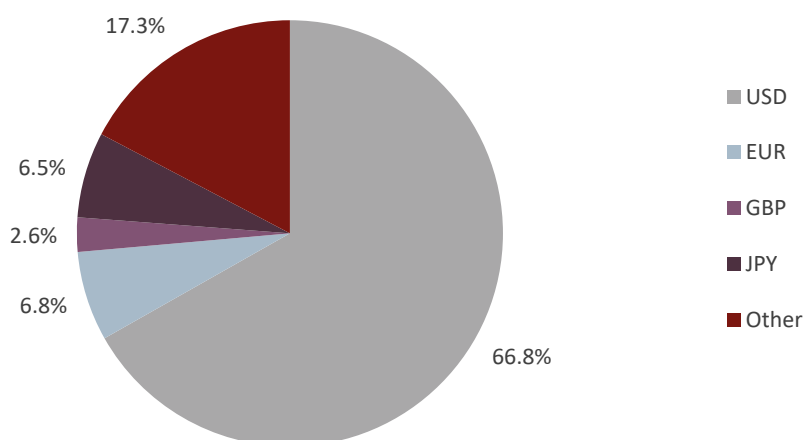


*Asset allocation figures reflect the strategy classification of the collective investment schemes (or similar schemes) held by the Fund and do not look through to the underlying holdings of such schemes.

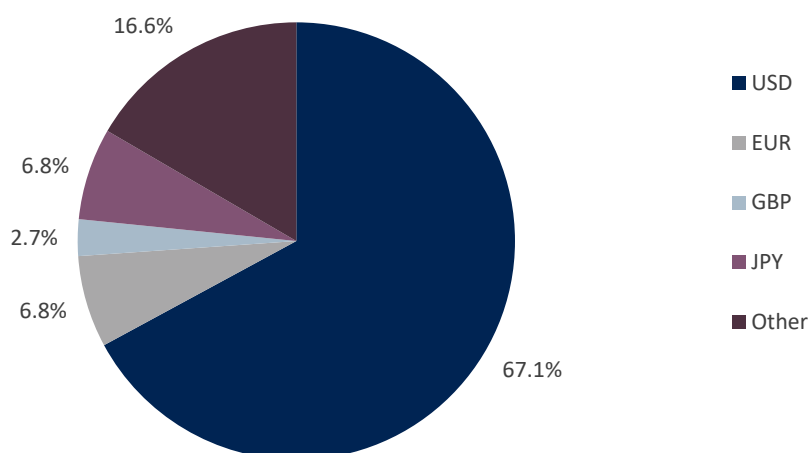
Source: Momentum Global Investment Management, December 2023. **Past performance is not indicative of future returns.**

Currency Allocation

September 2023

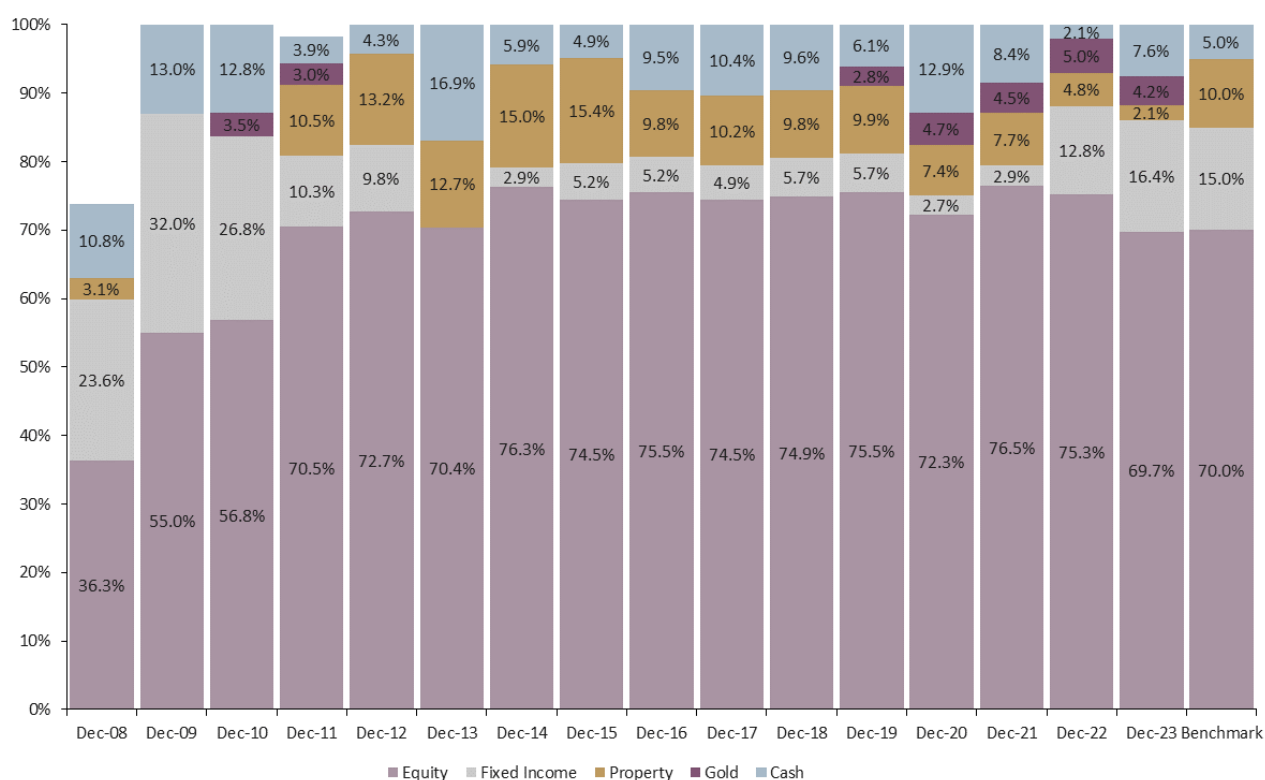


December 2023



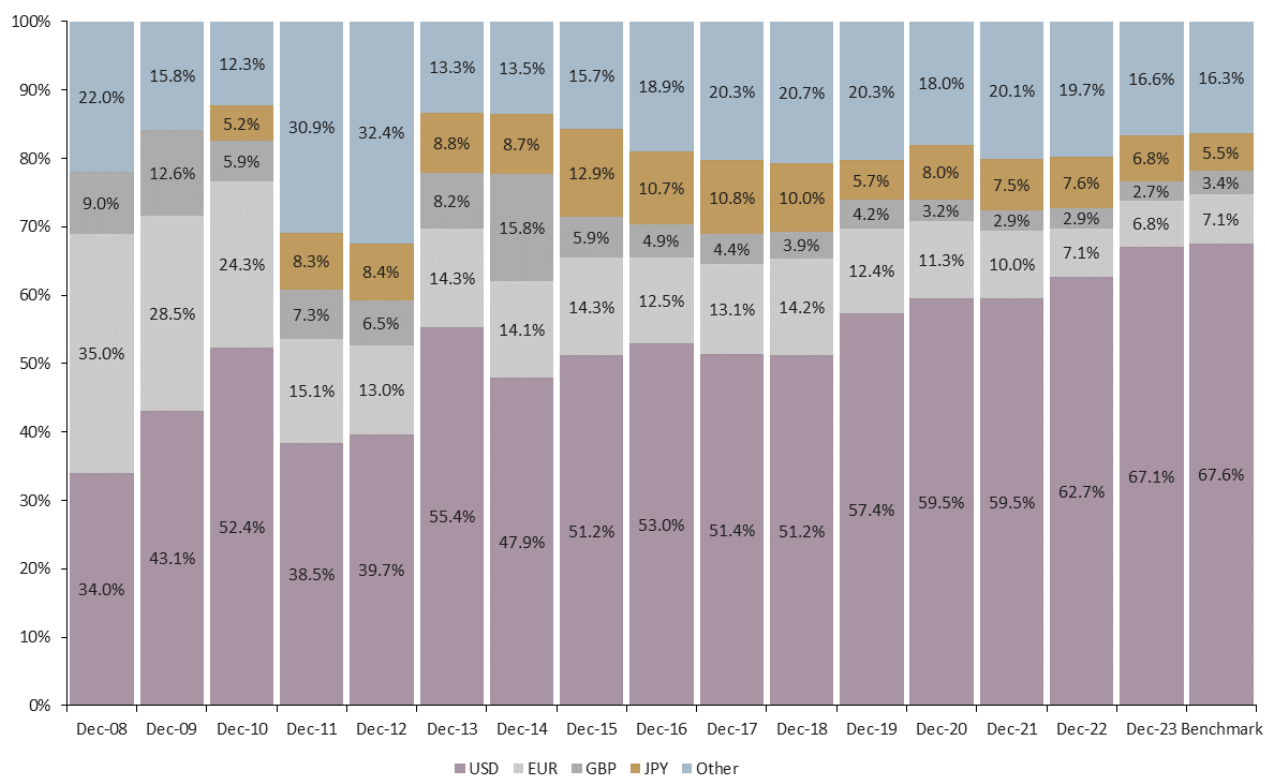
Source: Momentum Global Investment Management, December 2023. *Past performance is not indicative of future returns.*

Asset allocation over time



Source: Momentum Global Investment Management, December 2023.

Currency allocation over time



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

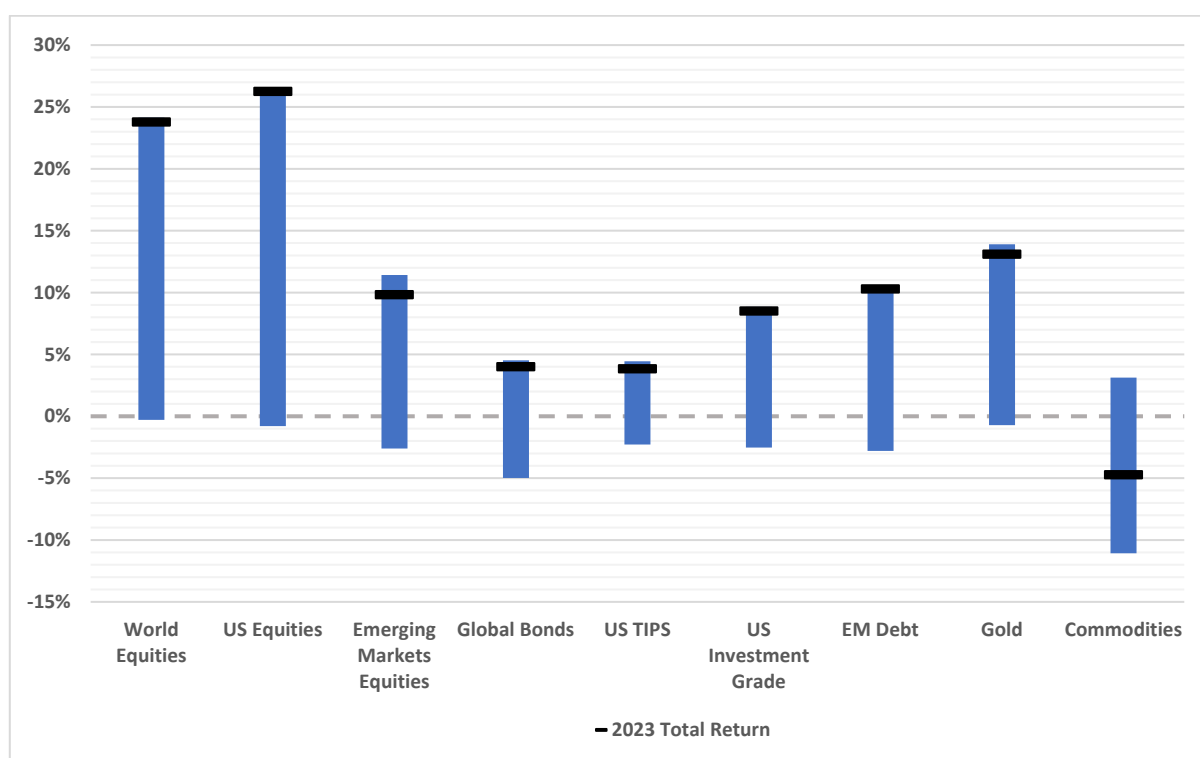
8. Market commentary

Q4 2023

In the face of considerable headwinds, 2023 turned out to be a much better year for investors than expected, with nearly all asset classes producing positive returns, mostly well above inflation and better than cash, which itself delivered the best return since before the Global Financial Crisis. The MSCI World index of developed equity markets returned 23.8% in USD, Global Emerging Markets +9.8%, and Global Government Bonds +4.0%, while credit markets significantly outperformed risk-free government bonds, with US investment grade corporate bonds +8.5%, US high yield bonds +13.4%, and Emerging Market bonds +10.3%. Gold moved to an all-time high in USD terms at the end of the year, returning 13.1%, while commodities were the only notably weak area, with oil down by 10% and some key metals and agricultural commodities also down significantly.

However, the gains were heavily concentrated in the final two months of the year, with nearly all equity and bond markets ending at or very close to their high for the year, and equity returns were concentrated in a narrow group of stocks. By mid to late October, most bond markets had been in negative territory for the year-to-date, global emerging equity markets were down, and, aside from the US and Japan, developed equity markets had made little or no progress.

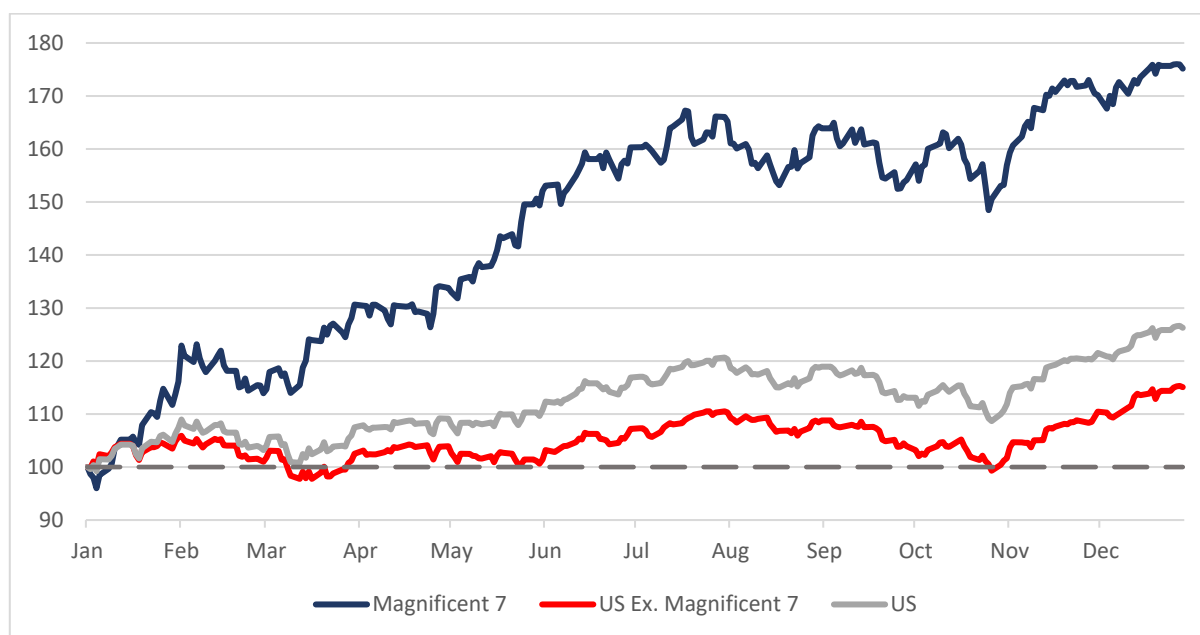
Most asset classes end 2023 close to year high



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 29 December 2023. The light blue bars represent the range of returns through 2023.

Within equities the concentration of returns was extraordinary, driven by a small number of mega-cap tech stocks in the US. The 'Magnificent 7' top US tech stocks returned 75% for the year; stripping them out left the rest of the US market slightly down by late October, with the year-end rally taking the return for the year to +15% excluding the Magnificent 7, compared with the +26% return including them.

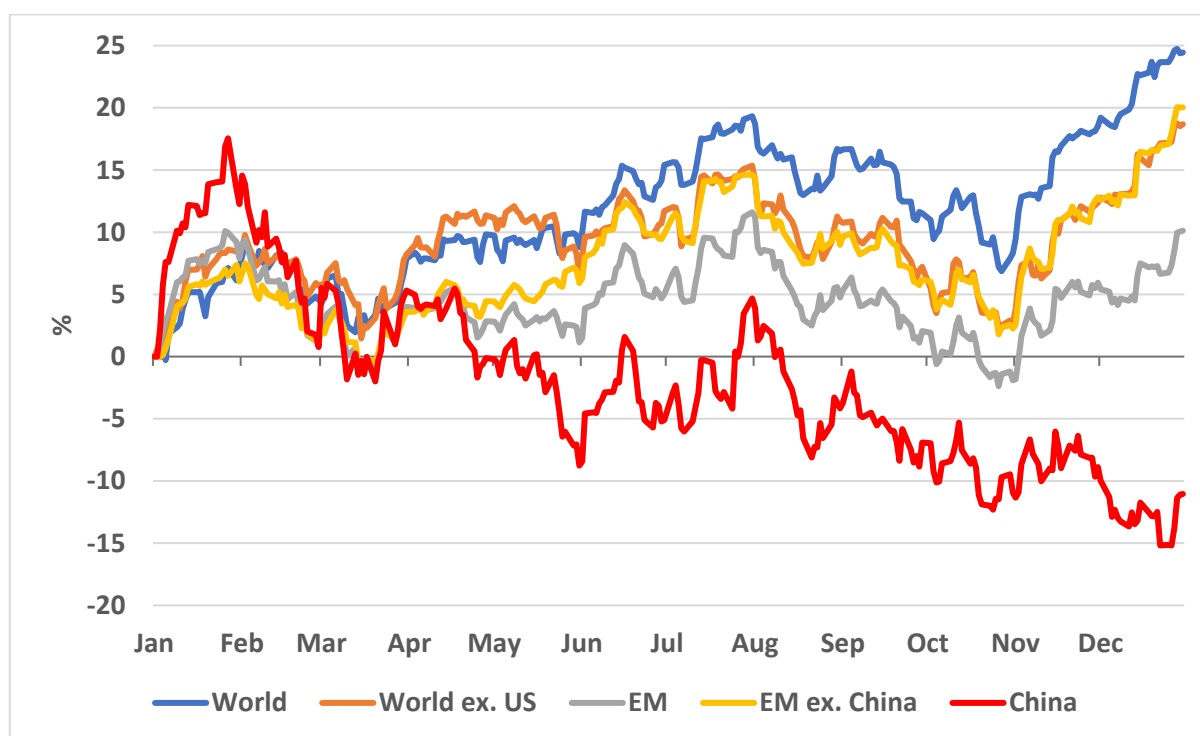
Magnificent 7 drive US equities



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 29 December 2023.

In contrast to the dominance of the US, China was a major disappointment, failing to participate in the year-end rally, down by 4.2% in Q4, -11.2% for the year. Over the past 3 years, China's market has halved while the US has returned over 30%. The impact of these 2 big markets on global indices is illustrated in the performance of MSCI World ex-US and MSCI Emerging Markets ex-China, which were almost identical over the year, while inclusion of the US and China respectively leaves emerging markets underperforming developed markets by 14%.

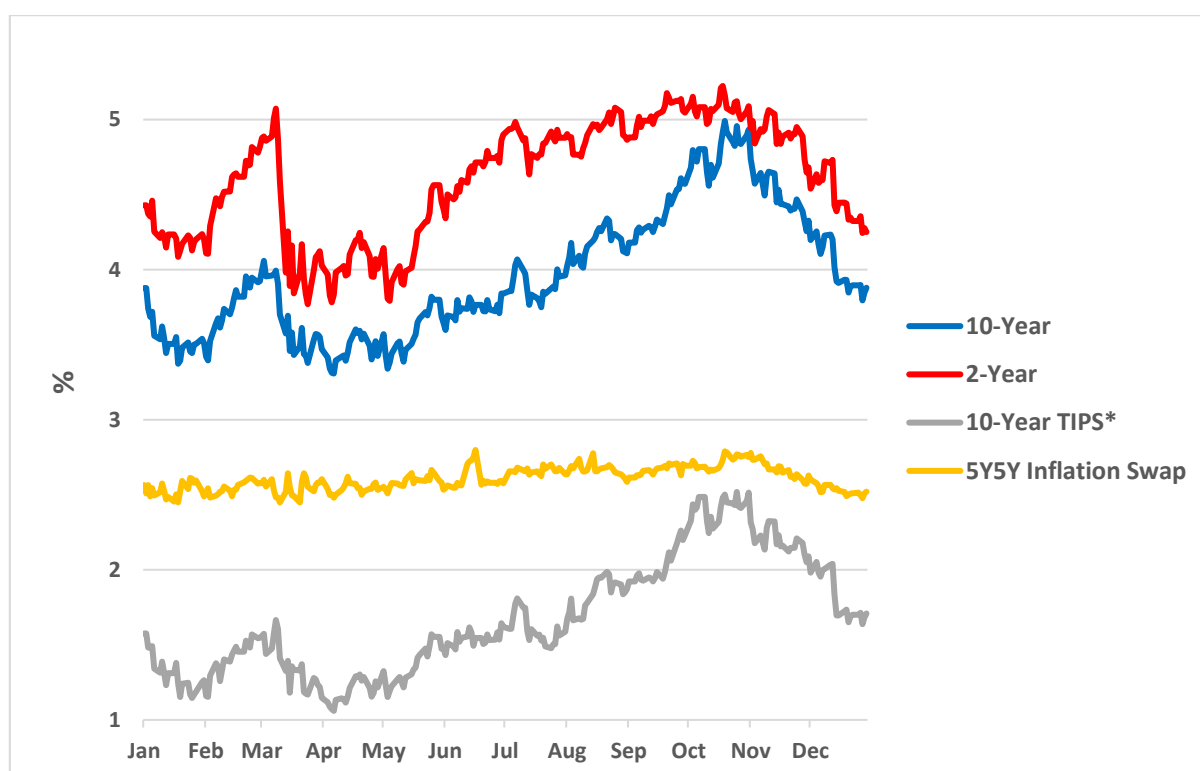
US and China dominate equity returns – World ex-US and Emerging Markets highly correlated



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 29 December 2023.

Driving the big move in markets in November and December was a dovish policy pivot by the Fed. With broadening evidence of a softer labour market and inflation falling more rapidly than expected, the Fed signalled that rates had peaked, and for the first time in this cycle a discussion on cuts had taken place. The updated Fed dot plot in December, setting out governors' expectations of where rates will be in coming years, pointed to median expectations of 75bps of cuts in 2024, 50bps more than expected 3 months earlier. Markets reacted with a dramatic drop in bond yields, around 100bps across the maturity curve: from the peak of almost 5% in mid-October, the US 10-year Treasury bond yield had fallen to 3.88% by year end and futures markets were pricing in cuts of 150bps in the Fed Funds rate by the end of 2024. With yields tumbling and hopes rising for a soft landing in the economy, global equities enjoyed a broad-based rally of 16% from late October to year end, taking global and US markets close to all-time highs.

US Treasury yields fall sharply in Q4 as Fed pivots – driven by falling real yields



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 29 December 2023.

The importance of this shift by the Fed should not be underestimated. Whereas a year ago the extent to which rates would be raised and then kept at peak levels was highly uncertain, it is now clear that the monetary policy cycle is at a turning point. Interest rates will be significantly lower by the end of 2024 - perhaps not as much as the market currently expects but falling, and with further cuts to look forward to in 2025. This provides an improving backdrop for risk assets and is a cause for optimism for the year ahead. But some caution is also appropriate; there are considerable uncertainties to navigate, and the big surge in bond and equity markets in late 2023 has pushed valuations significantly higher, largely discounting the favourable policy shift, and possibly running ahead of the fundamentals.

Reasons for caution include:

a) inflation: headline rates have fallen sharply but core inflation has been slower to decline and is still uncomfortably high at 4% in the US, 3.6% in the Eurozone and 5.1% in the UK. The resilience of these economies, especially the US, and the continuing tightness of labour markets, with wages now rising at above-inflation rates, are likely to mean policy will have to stay tight enough to trigger a sharp slowdown in economies. A recession has become less likely in the US but remains a risk that is not currently discounted by markets, while the EU and UK face more challenging conditions and an extended period of near-stagnation. Keeping rates close to current levels as inflation falls means higher real rates and tighter financial conditions, while the long lags and cumulative effects of monetary policy will be a headwind through much of 2024.

b) the resilience of the consumer, a major reason for the US, EU and UK economies performing above expectations in 2023, will be tested in 2024. The extended period of higher interest rates will push interest payments on consumer debt to a higher proportion of disposable income and will likely result in rising delinquencies on debt repayments, including mortgages, auto-loans, and credit cards. Furthermore, personal savings built up in the pandemic have been largely drawn down, removing this as a source of consumer spending, and unemployment seems likely to rise from current low levels as economies falter.

c) China, with its weak post-Covid recovery and multiple problems is likely to remain a concern. Growth continues to struggle in the face of over-leverage in the key property development industry, a damaging regulatory clampdown, the impact on trade of US sanctions, re-shoring and diversification of supply chains resulting in weak exports and reduced capital investment, and structural demographic headwinds. China is again imparting a deflationary impulse to the global economy, and although it has gradually eased policy, its high debt levels provide limited room for stimulus.

Fixed asset investment weak in China



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 30 November 2023.

d) public debt levels are stretched in many parts of the developed world and give little room for fiscal flexibility to support growth. The US is most important in this respect. Following Biden's huge spending commitments, especially via the inappropriately named Inflation Reduction Act, Federal deficits are expected to remain at around 6% of GDP for the rest of this decade. In an election year there is a near-zero prospect of this being reined in, and with the dysfunctional Congress facing a debt ceiling limit resolution in January, this is a problem that is likely to stalk markets and potentially damage confidence at times during 2024.

e) geopolitics are arguably the most worrying since WWII. Russia's war with Ukraine is proving to be long and costly, and as Western appetite for supporting Ukraine's war effort wanes, a negotiated solution ceding territory to Russia seems increasingly likely, with unknown longer-term consequences for Ukraine and other former Soviet satellites. In the Middle East the threat of the Israel-Hamas war drawing in other Iranian sponsored terror groups, which seemed low initially, is rising as the war continues, and moving closer to a proxy war with Iran, spilling over regionally and drawing in the US and allies. Perhaps most important of all, the great power rivalry between the US and China has the potential to be the defining issue of our age, with little prospect of a material thawing in the relationship in a US election year and in the face of President Xi's tough line and domestic political dominance. An outright invasion of Taiwan by China is extremely unlikely, but the issue will continue to overhang China's international relationships in the years ahead.

f) in a busy year for elections (more than two billion people in fifty countries go to the polls), the US Presidential election in November is by far the most important, and although we would not normally regard an election as a significant event for markets, in this case there could be more meaningful repercussions than usual given the choice which is likely to be presented to Americans, namely Biden v Trump. The elections in Taiwan in January to elect a new President and legislature come at a time when cross-strait tensions with the mainland have increased significantly, to the concern of regional neighbours and the US.

g) a steep and long monetary tightening cycle increases the risks of a financial accident. It was the catalyst for the mini-banking crisis in the US in March, and as the cycle continues the risks of other accidents rise. Given that households, companies and banks entered this tough period with generally strong balance sheets, we do not envisage systemic risks, but some damage on a narrower basis in over-leveraged parts of the economy facing structural problems, such as commercial real estate, and idiosyncratic events such as the SVB collapse, cannot be ruled out.

We do not regard any of these cautionary or risk factors as likely to tip markets into a sustained and substantial drop, but each runs the possibility of triggering meaningful setbacks. Taken together with the sharp run-up in markets ahead of year-end they call for some caution in portfolio construction in the shorter term. Markets have probably priced in too many rate cuts for this year and financial conditions have become looser than the Fed would want as the inflation fight is not yet over. Some rolling back of the dovishness is possible and markets are due a pause and consolidation.

On the other hand, we should not lose sight of the bigger picture. Many of the deep problems of the past 3 years are behind us. The post-Covid inflation surge is over, supply chains normalised and energy prices have returned to more reasonable levels, even in Europe which was most exposed to the suspension of Russian gas supplies. Most importantly, the monetary policy cycle is at a turning point, the steep rise in policy rates is over and the next major moves in rates will be down, a shift that we expect to begin during the next few months.

The only significant exception to this will be in Japan, where the Bank of Japan has only recently started to move away from its yield curve control policy, and is likely to end its eight-year long negative interest rate policy in coming months. While monetary tightening might be construed negatively, in this case it

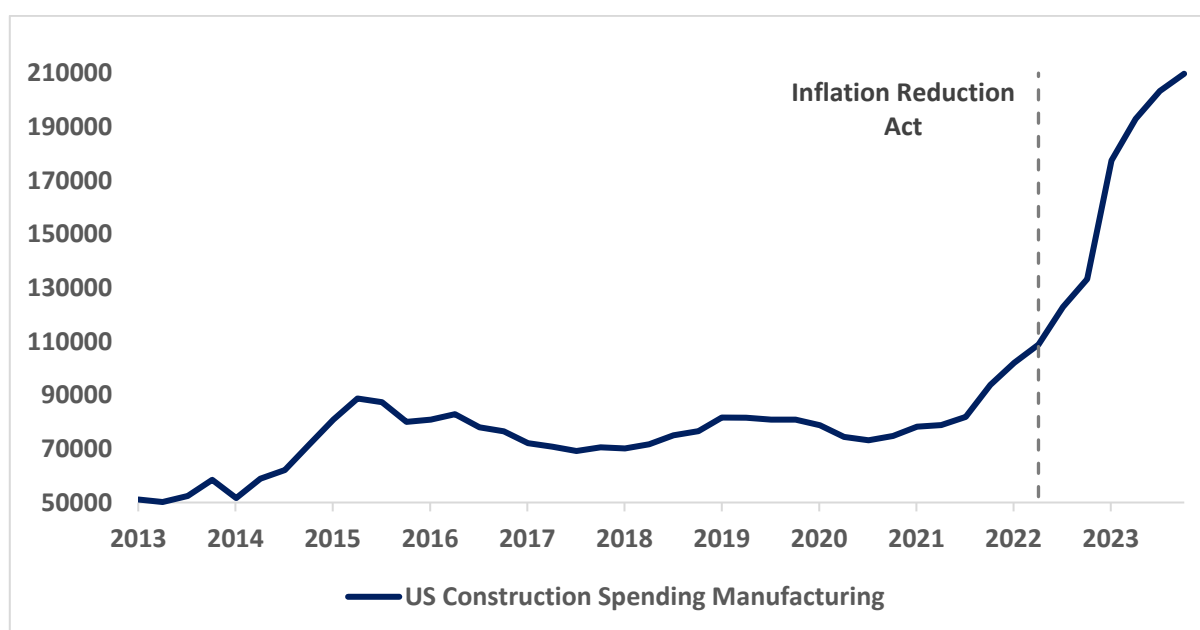
reflects growing confidence that Japan is moving out of its long and damaging period of deflation, and we believe it should be seen as a positive development. It is also likely to support the yen, which has been the weakest of the major currencies in the past 3 years, down by some 30% against the USD.

The other big development of 2023 which will have long-lasting and positive implications for many parts of the global economy is AI – the fuel which underpinned the ‘Magnificent 7’ through 2023. The pace of take-up of AI systems and their development is dramatic and the consequences are likely to be profound. 2024 could be the year when it begins to have a material impact on productivity, something to be welcomed given the sluggish growth of productivity levels in the post-GFC period.

Conclusion

Although we see a recession as likely in the US, UK and Europe in 2024, we expect it to be mild. We believe the US economy will again outperform other big developed economies, given its momentum and greater resilience, the strength of capital investment, in part due to the funding provided by the government’s huge spending commitments, the benefits of the unfolding AI boom, which will undoubtedly be led by the US, and the likelihood that the Fed will be loosening policy more aggressively than other central banks.

US construction investment surges – boosted by huge government support



Source: Momentum Global Investment Management, Bloomberg Finance L.P., as at 29 December 2023.

Aside from unquantifiable geopolitical events, the biggest risk is probably policy overkill, if central banks keep policy too tight for too long, resulting in a deeper and more prolonged slowdown. This would be damaging for equity and credit markets, which have largely priced in a soft landing. But the deeper the slowdown, the faster and steeper will be the interest rate cuts, and government bond markets would provide good protection under those circumstances.

We are concerned in the short term by the extent to which valuations of equities and bonds have moved materially higher in the past two months and will be patient in adding to positions, and we are particularly concerned that big tech stocks are priced for sustained high growth, with little room for disappointment. However, we see good opportunities in US equities outside these mega-cap stocks (and thus favour an active approach), especially in the value, quality and small/mid cap areas. There is also good value in non-US markets, notably the UK, where valuations are particularly attractive after a period

of relative weakness, and in Japan, largely overlooked by international investors and finally coming out of its two decades long period of deflation with an energised corporate sector focussed on delivering shareholder value. China continues to struggle in the face of its deep-seated problems, but seems to be hitting peak pessimism among investors, and, properly sized, offers good valuation opportunities on a longer-term basis.

Given the uncertainties ahead, volatility will be inevitable, and diversification as ever will be vital. After the big increase in yields over the past 18 months, bonds can return to their place as safe, reliable income-generating portfolio diversifiers. We are mindful that their valuations have increased sharply in recent weeks, but they continue to offer reasonable real yields and income, with excellent defensive characteristics. We would be reluctant to add more duration at current levels, preferring to focus on shorter maturity bonds, but would extend duration as opportunities arise, as we have done incrementally over the last year. We are cautious about credit markets after a year when credit spreads have narrowed significantly, but see pockets of opportunities selectively, such as bank credit, where there is good value after the Credit Suisse fallout, and parts of the emerging and asset backed debt markets.

Gold has proved to be a good diversifier in a wide range of economic and market conditions, but we have been taking some profits recently as the price reached a new all-time high, while real assets such as infrastructure and property, after a very difficult year, offer recovery and longer-term stable return prospects.

While unbridled optimism for the year ahead is inappropriate, the risks are in better balance than in the past 18 months, and we expect markets to make further progress, albeit with setbacks on the way. After a highly unusual year in 2023, with economies and equity markets defying widespread pessimism and the steepest monetary tightening in 40 years, and returns heavily concentrated in a narrow range of stocks, we believe that some caution and a high degree of selectivity is required in 2024, which should increasingly favour an active investment style. Through the year we expect a tailwind for markets in the form of easing monetary policy, but given the starting point for valuations and the uncertainties ahead, we will remain broadly diversified, waiting for valuation opportunities to come along in our preferred assets and markets, and remaining wary of extended valuations and excess leverage.

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

9. Market performance

		To 29 December 2023			
Asset class/region	Index	Currency	Quarter	Year-to-date	12 months
Developed markets equities					
United States	S&P 500 NR	USD	11.6%	25.7%	25.7%
United Kingdom	MSCI UK NR	GBP	2.3%	7.7%	7.7%
Continental Europe	MSCI Europe ex UK NR	EUR	7.7%	17.6%	17.6%
Japan	Topix TR	JPY	2.0%	28.3%	28.3%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	7.8%	7.4%	7.4%
Global	MSCI World NR	USD	11.4%	23.8%	23.8%
Emerging markets equities					
Emerging Europe	MSCI EM Europe NR	USD	12.9%	29.8%	29.8%
Emerging Asia	MSCI EM Asia NR	USD	6.7%	7.8%	7.8%
Emerging Latin America	MSCI EM Latin America NR	USD	17.6%	32.7%	32.7%
BRICs	MSCI BRIC NR	USD	3.1%	2.0%	2.0%
China	MSCI EM China NR	USD	-4.2%	-11.2%	-11.2%
Global emerging markets	MSCI EM (Emerging Markets) NR	USD	7.9%	9.8%	9.8%
Bonds					
US Treasuries	JP Morgan United States Government Bond Index TR	USD	5.6%	4.3%	4.3%
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	USD	4.7%	3.8%	3.8%
US Corporate (investment grade)	ICE BofA US Corporate Index	USD	7.9%	8.4%	8.4%
US High Yield	ICE BofA US High Yield Index	USD	7.1%	13.5%	13.5%
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	GBP	8.4%	3.8%	3.8%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt Index	GBP	7.4%	8.6%	8.6%
Euro Government Bonds	Citigroup EMU GBI All Maturities EUR	EUR	7.1%	7.2%	7.2%
Euro Corporate (investment grade)	ICE BofA Euro Corporate Index	EUR	5.5%	8.0%	8.0%
Euro High Yield	ICE BofA Euro High Yield Index	EUR	5.6%	12.0%	12.0%
Japanese Government	JP Morgan Japan Government Bond Index TR	JPY	0.9%	0.4%	0.4%
Australian Government	JP Morgan Australia GBI TR	AUD	4.1%	4.6%	4.6%
Global Government Bonds	JP Morgan Global GBI	USD	7.8%	4.1%	4.1%
Global Bonds	ICE BofAML Global Broad Market Index	USD	8.2%	5.6%	5.6%
Global Convertible Bonds	UBS Global Focus Convertible Bond	USD	7.3%	9.2%	9.2%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	10.5%	10.3%	10.3%

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

		To 29 December 2023			
Asset class/region	Index	Currency	Quarter	Year-to-date	12 months
Property					
US Property Securities	MSCI US REIT NR	USD	15.6%	12.3%	12.3%
Australian Property Securities	S&P/ASX 200 A-REIT Index TR	AUD	15.1%	12.7%	12.7%
Asia Property Securities	S&P Asia Property 40 Index NR	USD	6.0%	-4.4%	-4.4%
Global Property Securities	S&P Global Property USD TR	USD	14.5%	10.4%	10.4%
Currencies					
Euro		USD	4.6%	3.3%	3.3%
UK Pound Sterling		USD	4.6%	5.5%	5.5%
Japanese Yen		USD	6.1%	-7.0%	-7.0%
Australian Dollar		USD	6.1%	0.2%	0.2%
South African Rand		USD	3.5%	-6.7%	-6.7%
Commodities & Alternatives					
Commodities	RICI TR	USD	-6.0%	-4.7%	-4.7%
Agricultural Commodities	RICI Agriculture TR	USD	-0.4%	0.4%	0.4%
Oil	ICE Crude Oil CR	USD	-19.2%	-10.3%	-10.3%
Gold	Gold Spot	USD	11.6%	13.1%	13.1%
Hedge funds	Dow Jones Credit Suisse Hedge Fund USD	USD	2.0%	5.8%	5.8% ^e

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

10. Directory

Registered Office:

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Administrator, Secretary & Registrar:

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Auditor:

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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 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 Growth Fund IC Limited is a registered incorporated cell of Momentum Mutual Fund ICC Limited, with registered number 46254.

FGAM Global Growth 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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