Momentum Global Balanced Fund (Class A)

Month ended 31 July 2019

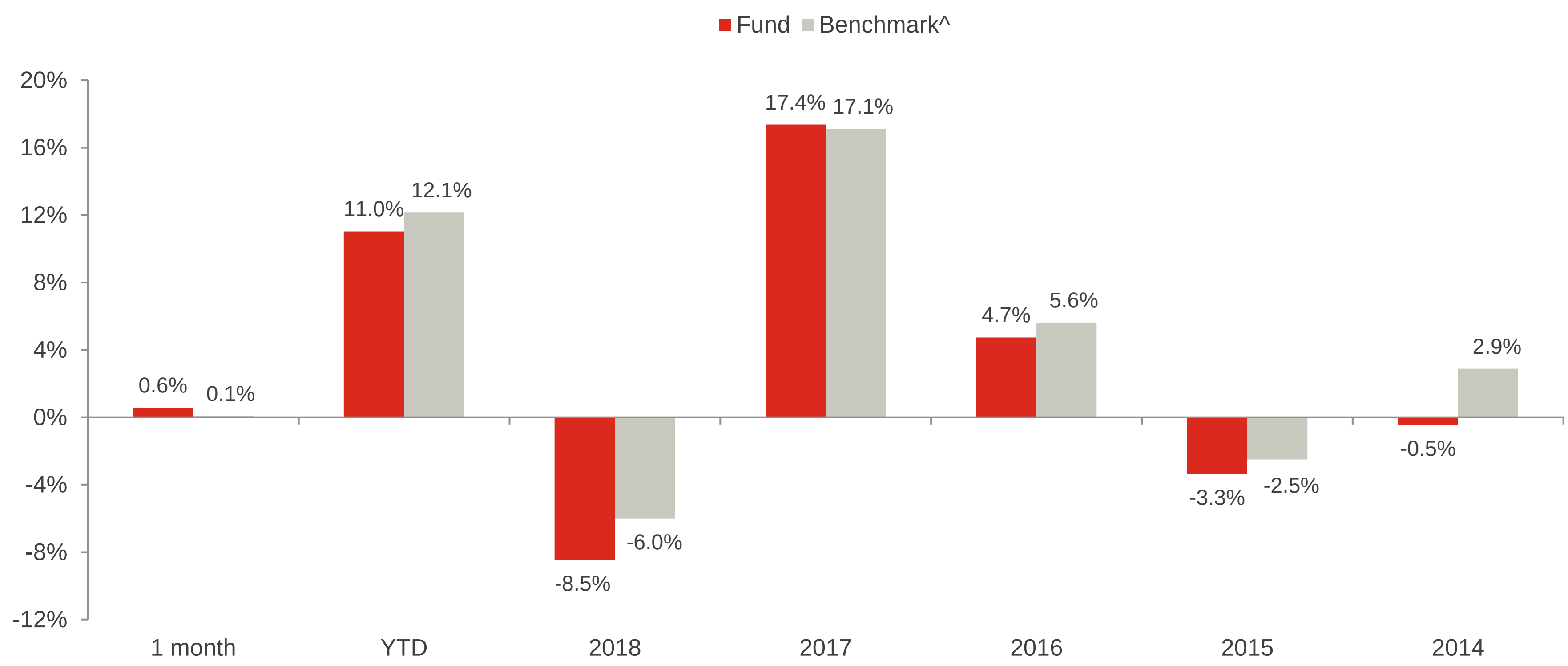
Fund details*

Investment manager: **Momentum Global Investment Management**	Investment timeframe: **3 years+**	Currency: **USD**
Minimum subscription: **USD 7,500**	Subscriptions / redemptions: **daily**	Initial fee: **none**
Inception date (investment strategy): **30 September 2004**	Inception date (fund): **18 April 2007**	Price per share: **USD 1.4277**
Benchmark: **60% MSCI AC World, 40% ICE BofAML Global Broad Market**		

Investment objective

The primary objective of the Fund is to provide a balance between capital preservation and capital growth over the full investment cycle in local currency terms with a reduced level of volatility. The diversified portfolio invests into a wide range of asset classes including cash, fixed income, high yield, equities, property and alternative investment strategies. As this portfolio is global in nature, exposure will be taken in a wide range of currencies and markets. The Fund is ideally suited to investors with a medium risk tolerance with an investment horizon of three years or longer.

Fund performance



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.

^ With effect from 01.07.18 the 40% allocation in the FTSE WBIG index was replaced with the ICE BofAML Global Broad Market index. This has not been applied retrospectively.

Top holdings

Holdings	Asset type	Weight
[1] US Treasury Bonds	Fixed Income	12.1%
[2] Robeco Global Value	Equity	5.3%
[2] Jennison	Equity	3.9%
[2] Robeco Global Enhanced Index	Equity	3.8%
[2] Robeco Global Conservative	Equity	3.8%
[1] Momentum IF Global Emerging Markets	Equity	3.6%
[1] iShares MSCI Emerging Markets	Equity	3.3%
[2] Artisan	Equity	3.2%
[2] Morgan Stanley Global Brands	Equity	3.1%
[1] iShares Physical Gold ETC	Commodities	3.1%

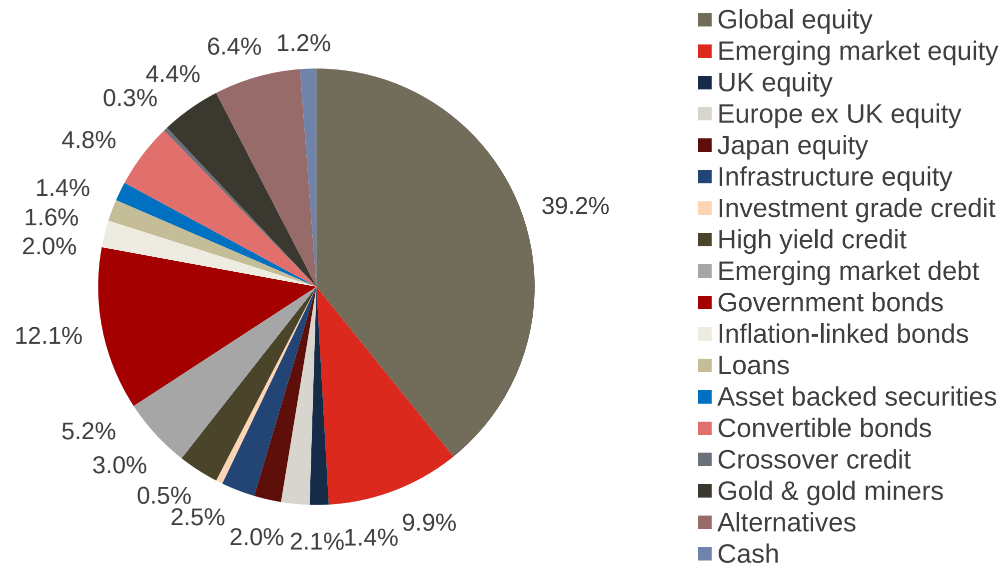
[1] Direct holding

[2] Indirectly held in the Momentum IF Global Equity Fund

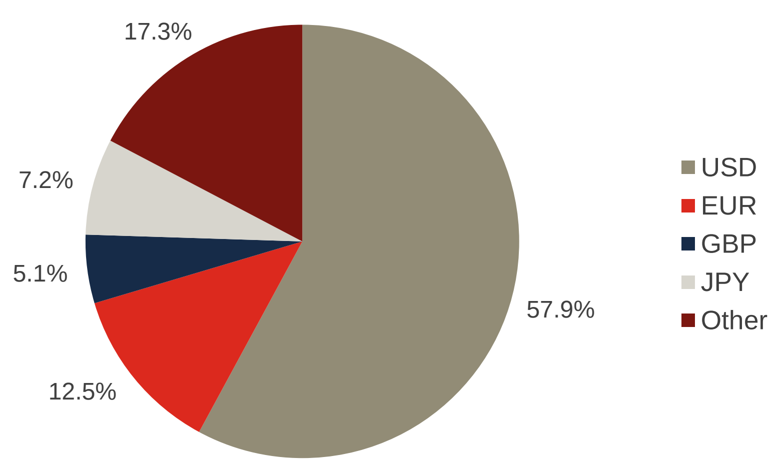
Investment statistics (since investment strategy inception)

Current month return:	0.6%
Cumulative return:	110.4%
Annualised return:	5.1%
Annualised volatility:	10.2%

Strategy allocation



Currency allocation



Sources: Morningstar, Lipper Hindsight, Momentum Global Investment Management. Northern Trust International Fund Administration Services (Guernsey) Limited.

* Please refer to the fund supplement and scheme particulars for a detailed description of fees and fund facts.

Market commentary

Developed market equities extended their gains in July and Wall Street reached new all-time highs, whereas emerging markets fell 1.2%. The UK was the biggest gainer in local currency terms, up 2.1%, but this was driven largely by a sharp fall in sterling which benefits the many UK listed stocks dependent on foreign earnings. Government bonds were generally firm as yields drifted lower while credit markets performed well with investment grade corporate and high yield bonds each returning 0.6% in the US and emerging market debt 0.8% over the month.

Should there have been any doubts about the scale of the manufacturing downturn across the world they were dispelled in July. Manufacturing is effectively in recession globally, led by those countries most dependent on the traded goods sector, most notably Germany with its large auto industry. The growing fear is that the downturn in manufacturing will eventually spill over into the all-important services sector, which to date has proved resilient.

These fears were exacerbated when at the end of July Trump surprised markets by announcing new tariffs from September 1st (although some increases have subsequently been postponed) of 10% on all remaining imports from China which do not yet attract tariffs, amounting to some $300bn of goods.

At the same time inflation has been remarkably constrained, with core inflation indices in the US, Europe and Japan stuck firmly below central bank target rates. It is the combination of slowing growth, and falling and/or very subdued inflation which has been instrumental in pushing bond yields down substantially in the past 9 months and forced central banks to loosen policy, with the Federal Reserve cutting interest rates by 0.25% in July.

However, the extent of the global slowdown needs to be kept in perspective: trade and manufacturing are contracting but the service sector continues to grow, employment remains strong and the consumer is generally in good shape. There are no signs of systemic financial problems and an ensuing liquidity crunch nor of capacity shortages, inflation and a sudden tightening of policy. With inflation subdued central banks have considerable flexibility in keeping policy ultra-loose for much longer, thereby extending this extraordinary cycle.

The falls in interest rates this year, both at the short end and throughout the yield curve, across all government bond markets, provide a strong underpinning to equities and other risk assets, offsetting the more challenging conditions faced by the corporate sector after last year's benign backdrop. Against a backdrop of heightened uncertainty some consolidation is overdue, but we believe that the cycle has further to run and any falls in markets will give rise to opportunities to add to risk assets, while at all times maintaining careful diversification in portfolios to provide protection during inevitable shorter term setbacks.

Source: Bloomberg, Momentum Global Investment Management.

Risk warnings and important notes