

# Momentum IF Global Equity Fund report

Q3 2018

global investment management

## 1. Performance summary

	Returns to 30 September 2018					
	1 month	3 months	12 months	Annualised 3 years	Annualised 5 years	Annualised since inception*
Momentum IF Global Equity	0.5%	3.4%	13.8%	14.9%	9.0%	6.6%
MSCI World	0.6%	5.0%	11.2%	13.6%	9.3%	6.6%

Source: JP Morgan Bank Luxembourg SA. Net of fees September 2018. \*Global Equity inception 22.06.2006. Past performance is not indicative of future returns.

The global equity market advanced 4.3% in Q3, driven by the strong performing US equity market. There was a clear divergence in performance between developed and emerging market equities, notably the MSCI World Index rose 5.0% while the MSCI Emerging Market Index fell 1.1%.

The US equity market was the stand out performer in Q3, advancing 7.4%, boosted by strong corporate earnings and robust macroeconomic data. In September, in a widely anticipated move, the Federal

Reserve raised its target for the federal funds rate by 25 basis points to between 2.0-2.25%.

UK equities fell 1.7% in US dollar terms, weighed down by uncertainty of a no-deal Brexit. Fears for the UK economy were also reflected in the sterling weakness over Q3. In August, the Bank of England hiked interest rates by 25 basis points to 0.75%, on an improved outlook for the UK economy. The European equity market saw modest growth, advancing 1.8%, held back by the fear of contagion for European Banks

with emerging markets and worries over the Italian budget.

Japanese equities posted a 6.3% gain in local currency terms, amid a weaker Yen, a rebound in economic growth and Prime Minister Abe winning a third term as leader resulting in greater clarity over the medium-term policy.

Emerging markets continued their decline in a volatile Q3 of 2018, weighed down by US dollar strength and escalating US-China trade tensions. Turkey was the weakest performer, suffering from a sharp selloff in the Turkish Lira following geopolitical tensions with the US which exacerbated concerns over its economic sustainability.

Against this backdrop the IF Momentum Global Equity fund underperformed its MSCI World benchmark, posting a 3.4% return versus a 5.0% benchmark gain. In the past twelve months the fund has returned 13.8%, outperforming its MSCI World benchmark by 2.6 percentage points.

In terms of investment styles, growth managers continue to perform strongly,

while quality and value managers underperformed during the quarter. On aggregate, growth managers were the only contributors to positive performance, whereas, every quality and value manager detracted from relative performance.

The only two contributors to outperformance were US small-cap growth managers Granahan and Timpani. Granahan continues to benefit from its overweight allocation to the strong performing IT software sector and from their stock selection within this sector, holding outperforming stocks.

In the case of Timpani, their outperformance can be mostly attributed to their stock selection within the IT software and health care sectors.

In contrast, the largest detractor from overall performance was Global Value manager Contrarius, whose underperformance was driven by poor stock selection, holding underperforming stocks such as Twitter and Facebook.

*Source: Bloomberg, FactSet September 2018. Past performance is not indicative of future returns.*

## 2. Market review – 3 & 12 months to September 2018

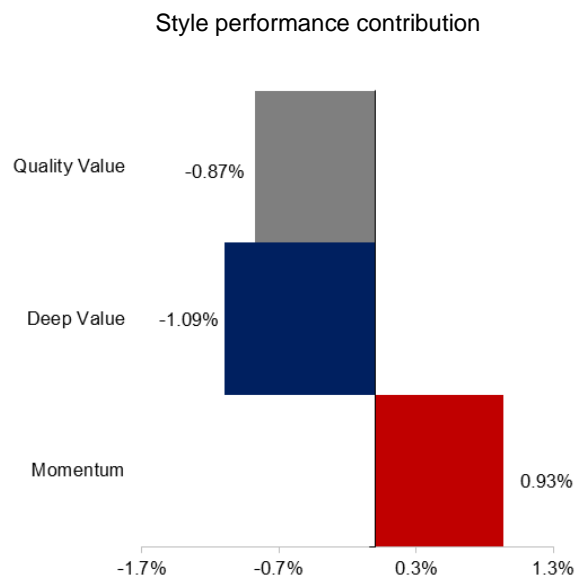
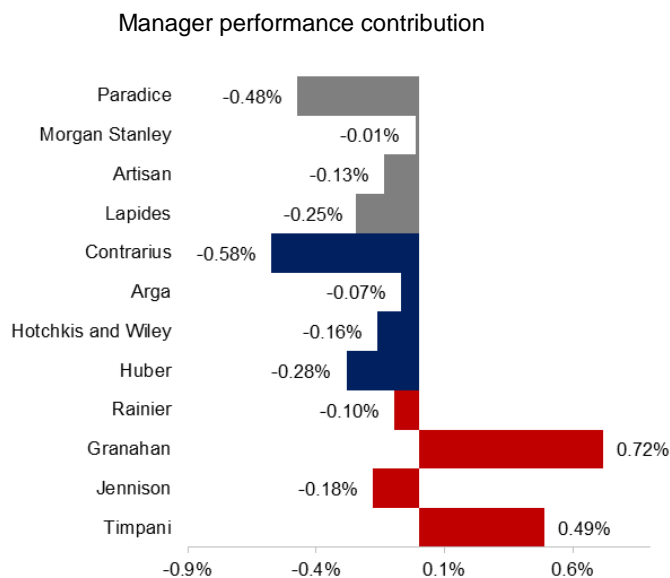
Asset Class (% change)	Performance to 30 Sep 2018			
	USD terms		ZAR terms	
Equities - MSCI	3 Month	12 Months	3 Month	12 Months
AC World	4.3%	9.8%	7.7%	15.0%
World (DM)	5.0%	11.2%	8.4%	16.6%
Emerging Markets (EM)	-1.1%	-0.8%	2.1%	4.0%
US	7.4%	17.2%	10.8%	22.9%
Continental Europe	1.8%	-1.5%	5.1%	3.2%
UK	-1.7%	2.9%	1.5%	7.8%
Japan	3.7%	10.2%	7.0%	15.5%
Developed Asia	-0.5%	4.3%	2.7%	9.3%
US Small Cap	3.6%	15.2%	6.9%	20.8%
UK Small Cap	-1.3%	2.2%	1.9%	7.1%
Bonds				
FTSE World BIG	-0.9%	-1.4%	2.3%	3.3%
JP Morgan Global Government Bonds	-1.7%	-1.6%	1.5%	3.1%
Barclays Global Aggregate	-0.9%	-1.3%	2.3%	3.4%
US Treasuries	-0.7%	-1.7%	2.6%	3.0%
UK Gilts	-3.1%	-2.3%	0.1%	2.4%
Euro Bonds	-1.9%	-1.9%	1.3%	2.8%
Japan Bonds	-3.7%	-1.0%	-0.5%	3.8%
Merrill Lynch US High Yield	2.4%	2.9%	5.8%	7.9%
JP Morgan Emerging Market Debt	1.5%	-5.0%	4.8%	-0.4%
Cash - US Dollar	-0.6%	-2.1%	2.6%	2.6%
Cash - UK Pound Sterling	-1.1%	-2.3%	2.1%	2.4%
Cash - Euro	-0.6%	-2.1%	2.6%	2.6%
Currencies versus USD & ZAR				
US Dollar			3.2%	4.8%
UK Sterling	-1.2%	-2.8%	2.0%	1.9%
Euro	-0.5%	-1.8%	2.7%	3.0%
Japanese Yen	-2.5%	-0.9%	0.7%	3.9%
Australian Dollar	-2.1%	-7.8%	1.1%	-3.4%
Canadian Dollar	1.8%	-3.2%	5.1%	1.4%
Swiss Franc	1.7%	-0.9%	5.0%	3.8%
South African Rand	-3.1%	-4.6%		
Commodities				
Brent Crude Oil	4.7%	52.4%	8.1%	59.7%
Gold	-5.5%	-9.2%	-2.5%	-4.8%
Goldman Sachs Commodity Index	1.3%	22.9%	4.6%	28.8%

Source: Morningstar, Bloomberg September 2018

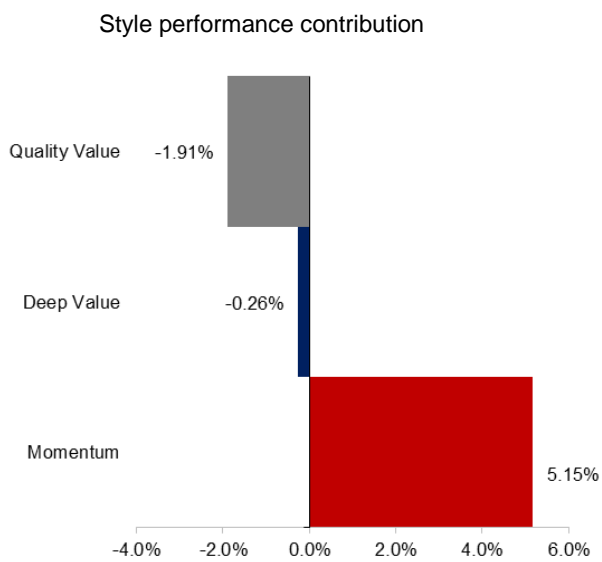
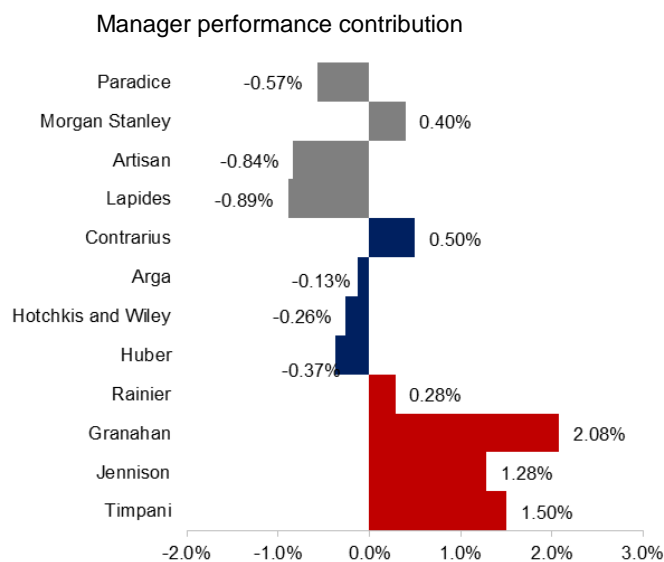
Past performance is not indicative of future returns.

### 3. Performance attribution September 2018

#### 3 months to September 2018



#### 12 months to September 2018







Source: JP Morgan, September 2018

Past performance is not indicative of future returns.

#### 4. Map of the markets – Q3 2018

	US	UK	Europe ex UK	Japan	Pacific ex Japan	Emerging Markets	Developed World Index
Energy	0.0%	0.8%	5.0%	21.7%	-0.9%	12.9%	0.2%
Materials	-0.4%	-4.9%	1.1%	7.4%	-2.8%	2.4%	-0.7%
Industrials	8.9%	-1.9%	3.5%	5.0%	2.4%	2.5%	6.2%
Consumer Discretionary	6.9%	-0.1%	-0.3%	3.8%	-11.1%	-10.8%	4.5%
Financials	3.4%	-4.0%	2.1%	8.1%	-1.9%	-0.1%	2.4%
IT	9.2%	1.2%	0.7%	1.9%	-4.0%	-5.1%	8.1%
Telecoms	6.1%	-6.7%	-2.5%	17.9%	10.3%	0.0%	5.3%
Health Care	13.8%	6.1%	5.4%	12.2%	1.5%	-7.4%	11.3%
Consumer Staples	4.8%	-1.4%	2.1%	0.7%	-4.3%	-3.3%	2.5%
Utilities	1.4%	-7.5%	-0.2%	4.2%	1.3%	-2.6%	0.5%
<b>Country / Region (Local)</b>	7.4%	-0.4%	1.8%	6.3%	0.6%	0.0%	5.3%
<b>Country / Region (USD Terms)</b>	7.4%	-1.7%	1.8%	3.7%	-0.5%	-1.1%	5.0%

Outperformed MSCI World by more than 1 standard deviation   
 Outperformed MSCI World   
 Underperformed MSCI World   
 Underperformed MSCI World by more than 1 standard deviation 

Source: Bloomberg, September 2018. Gross returns. MSCI Index returns in local currency terms unless otherwise stated.  
 Past performance is not indicative of future returns.



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