

## Momentum International Equity Feeder Fund

Assets managed by: Momentum Outcome-based Solutions

### Managers corner

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#### Meet your managers

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The Momentum International Equity Feeder Fund is a Feeder Fund CIS portfolio which, apart from assets in liquid form, invests solely in the Momentum Global Growth Fund IC Limited, a registered incorporated cell of Momentum Mutual Fund ICC Limited, domiciled in Guernsey, with registered number 47779. The Momentum Global Growth Fund IC Limited is approved under the South African Collective Investment Schemes Control Act (CISCA).

The Momentum Global Growth Fund IC Limited is managed by **Momentum Global Investment Management Limited**, the Investment Manager, authorised and regulated by the UK Financial Conduct Authority. Momentum Global Investment Management Limited is also an authorised Financial Services Provider (FSP No. 13494) pursuant to the Financial Advisory and Intermediary Services Act (FAIS).



#### Managers view

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##### Market overview

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Markets were reasonably calm in the third quarter of 2018 on the evidence of broad market indices. The MSCI World Index returned 5.0%, continuing its outperformance of emerging markets, which were down 1.1%. Bond markets were mixed, with most government markets across the developed world down by around 1%, whereas credit outperformed, with high yield bonds returning 2.4% in the US and Dollar emerging market debt 1.5%. However, these broad indices hid a number of undercurrents which reveal a wide divergence of returns.

The US equity market was the stand out performer in Q3, advancing 7.6%, boosted by a 25% rise in corporate earnings and robust macroeconomic data. Meanwhile emerging markets continued their decline, weighed down by rising rates, reduced liquidity and a strong Dollar. The combination of these factors has proved toxic for the most vulnerable emerging markets, with currencies and bond markets collapsing in Argentina and Turkey.

The trade war between the US and China deteriorated in September, weighing on Asia ex Japan equity returns. US President Trump imposed additional tariffs on \$200bn of Chinese imports and, in response, China retaliated imposing tariffs on a further \$60bn of US imports.



#### Portfolio positioning

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We have been surprised by the extent of the US stock market's outperformance. The US stock market includes many of the world's best companies, but even after allowing for this fact we believe prices are expensive and hence we hold an underweight allocation to the region, which detracted from performance in the third quarter.

Our underlying managers underperformed in aggregate between June and September but have added a lot of value over the past 12 months. The standout performers over the past year have been our US small cap Growth managers, Timpani and Granahan, who have returned approximately 40% and 60% respectively over the period. Both managers are held in the Momentum Global Equity Fund, our in-house multimanager equity solution which provides the core to the Fund's equity component.

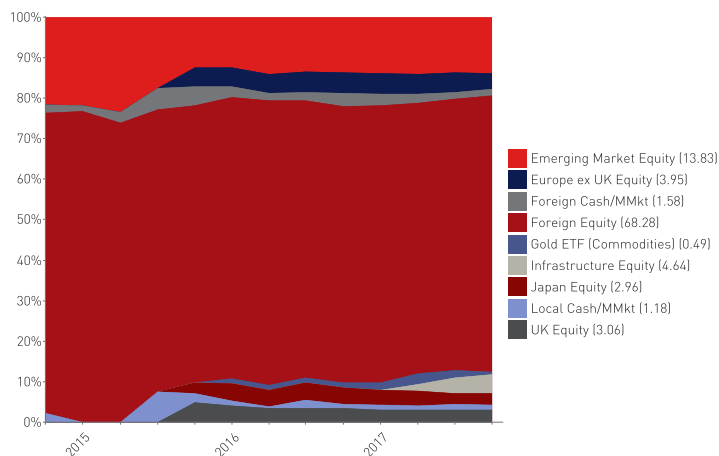
Although the global economy generally remains in good shape, this is not a time for complacency. There are good reasons to expect a period of bumpiness in markets and greater resilience is warranted in portfolios. Overall we believe it remains appropriate to stay invested, building greater resilience in portfolios through more defensive assets while at the same time taking advantage of valuation opportunities as they arise.

## Facts and figures



### Holdings

#### Portfolio (%)



#### Q2 2018 to Q3 2018

Currency allocation (%)	Q3	Q2	Chg
Dollar	45.26	42.48	2.77
Euro	11.66	13.90	-2.24
Others	24.61	23.85	0.75
Rand	1.18	1.43	-0.24
Sterling	7.31	7.98	-0.67
Yen	9.98	10.35	-0.37

#### Q3 2018 - Portfolio holdings (%)

Momentum Global Growth IC B	98.86
SA Cash/Money Market	1.14

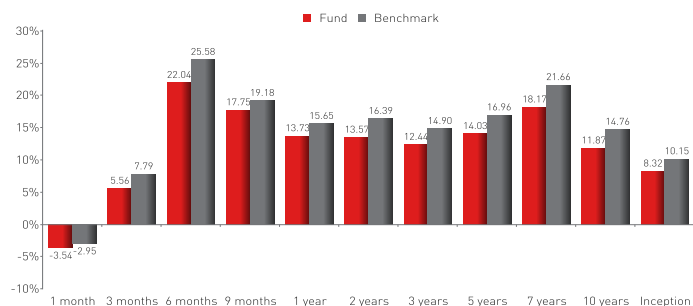
#### Q2 2018 - Portfolio holdings (%)

Momentum Global Growth IC B	98.61
Foreign Cash/Money Market	1.43

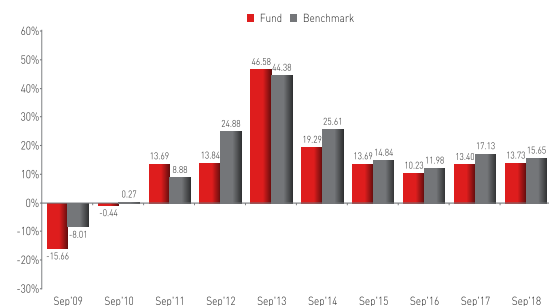


### Performance

#### Returns (%)



#### One year returns (%)



Cumulative for all periods less than 1 year, annualised for all longer periods.

Cumulative returns ending 30 September each year.

Fund: Momentum International Equity Feeder Fund Class A (Inception 3 May 1999)

Benchmark: MSCI ACWI GR USD

Performance: All portfolio performance is calculated for a portfolio/portfolio class. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment of income and withholding tax. Annualised returns, also known as Compound Annualised Growth Rates (CAGR), are calculated from cumulative returns; they provide an indication of the average annual return achieved from an investment that was held for the stated time period. Actual annual figures are available from the Manager on request. All portfolio performance figures quoted (tables and charts where present) are as at 30/09/2018, based on a lump sum investment, using NAV-NAV prices with income distributions reinvested on the ex-dividend date. CPI/Inflation figures, where present, are lagged by one month. Cash figures, where present, are STeFI Composite Index returns. All figures quoted in ZAR. Source: Morningstar and/or Momentum.

**i** Information

Display Name			R 1.88 billion									
Class	Status	Direct Retail	Cost Ratios as at 30 June 2018					FYE	Price, Participatory Interests and AUM			MDD
			TER (%)	TC (%)	TIC (%)	From	1Y TER (%)	TER (%)	NAV Price (cpu)	Units in issue	Size (Rands)	
A	Open	Yes	1.87	0.00	1.87	17 Nov 2015	1.85	1.85	468.19	197,537,709	924,854,483	
B1	Open	No	3.58	0.00	3.58	17 Nov 2015	3.57	3.57	411.14	4,160,884	17,106,978	
B2	Open	No	0.96	0.00	0.96	17 Nov 2015	0.94	0.94	490.87	177,828,864	872,908,788	
C1	Open	No	1.41	0.00	1.41	17 Nov 2015	1.39	1.39	480.31	14,165,962	68,040,599	
M1	Open	No	0.96	0.00	0.96	17 Nov 2015	0.94	0.94	468.42	10,866	50,898	

**Class, Status, Direct Retail:** A portfolio may have multiple classes, each of which may be open or closed to new investment, not all classes of a portfolio are available for direct retail investment as the different classes may be designed for/accessible to different investor types.

**Cost Ratios:** The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. A current TER may not necessarily be an accurate indication of future TER's. The disclosed TERs are shown as an annual percentage based on data for the period from the date shown to 30 June 2018. The Transaction Costs Ratio (TC) is the percentage of the net asset value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction costs are a necessary cost in administering the Financial Product and impact Financial Product returns. The TC should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER. The disclosed TC is shown as an annual percentage based on data for the period from the date shown to 30 June 2018. The Total Investment Charges (TIC) is the sum of the TER of the relevant class and the TC of the Financial Product and is shown as a percentage depicting the annual costs relating to the investment of the Financial Product. Cost ratios are calculated using historical actual and/or estimated data and are provided solely as an indication/guide as to the annual expenses/costs that could be incurred. These ratios do not represent any current/actual charges or fees.

**FYE:** The disclosed Financial year end TERs (total expense ratios) are shown as an annual percentage based on data for the 1 year period to 30 June 2018.

**Price, Participatory Interests and AUM:** Data as at 30 September 2018

**MDD:** CIS regulations require a minimum disclosure document (MDD) to be compiled for all CIS portfolios, which must be viewed by an investor at point of sale. A link to the MDD that corresponds to the date of this QIR has been provided in the table above (for the relevant class of the portfolio) and we recommend that you review the MDD for further details on this portfolio.

## Important information



### Disclosures

#### Portfolio

Momentum Collective Investments (RF) (Pty) Ltd (the "Manager"), registration number 1987/004287/07, is authorised in terms of the Collective Investment Schemes Control Act, No 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. The Manager is the manager of the Momentum Collective Investments Scheme, and MMI Holdings Ltd is a full member of the Association for Savings and Investment SA. Standard Bank of South Africa Limited, registration number 1962/000738/06, is the trustee of the scheme.

Momentum International Equity Feeder Fund is a portfolio of the Momentum Collective Investments Scheme and Momentum Outcome-based Solutions (Pty) Ltd, registration number: 2004/023064/07, an authorised financial services provider ("FSP") under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS"), FSP number: 19840, is the investment manager of this portfolio.

Momentum International Equity Feeder Fund is a Feeder Fund CIS portfolio. A Feeder Fund, apart from assets in liquid form, consists solely of participatory interest in a single portfolio of a CIS, which may levy its own charges, which could result in a higher fee structure for Feeder Funds than some other forms of CIS portfolios.

This portfolio is permitted to invest in foreign securities which, within portfolios, 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. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.

#### Collective Investment Schemes (CIS)

CIS are generally medium to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Different classes of units apply to portfolios, which are subject to different fees and charges. Please note that VAT, applicable to fees and charges, with effect from 1 April 2018, increased from 14% to 15%. A schedule of fees and charges and maximum commissions is available on request from the Manager. The Manager reserves the right to close and reopen certain portfolios to new investors from time to time in order to manage them more efficiently in accordance with their mandate. Portfolios are valued daily at approx. 24h00, latest prices can be viewed at [www.momentuminv.co.za](http://www.momentuminv.co.za) and in some national newspapers. Forward pricing is used. Instructions must reach the Manager before 14h00 to ensure same-day value. The Manager does not provide any guarantee, either with respect to the capital or the return of this portfolio. Additional information on the proposed investment including, but not limited to, brochures, application forms and the annual report and any half yearly report can be obtained, free of charge, at [www.momentuminv.co.za](http://www.momentuminv.co.za) or on request from the Manager.

Any forecasts and/or commentary included in this document about the expected future performance of portfolios, asset classes or the market in general are not guaranteed to occur.

Although all reasonable steps have been taken to ensure the validity and accuracy of the information in this document at time of publication, the Manager does not accept any responsibility for any claim, damages, loss or expense, howsoever arising, out of or in connection with the information in this document, whether by a client, investor or intermediary.

This document should not be seen as an offer to purchase any specific product and is not to be construed as advice. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of the Manager's products.



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