momentum

Fintax Portfolios

Performance to the end of April 2018

global investment management

Contents

The Investment Manager

The Portfolios are managed in London by a team of experienced investment professionals at Momentum Global Investment Management (MGIM), which has been offering investment management and advisory services to institutional and retail investors since 1998. The thirteen strong multi-asset investment team have been responsible for the investment strategy and management of the Portfolios since their inception. Senior members of the investment team have been working together throughout most of this period.

Investors can be confident that their investments are being managed within a strictly regulated environment, and by a highly qualified and experienced team with significant resources across the globe. MGIM is wholly owned by MMI Holdings Limited in South Africa, a listed company with a market capitalisation of $2.8bn and a strong capital position with total assets of $46bn. MGIM is authorised and regulated by the Financial Conduct Authority in the UK and is an authorised Financial Services Provider in South Africa in terms of the Financial Advisory and Intermediary Services Act 2002 (FAIS).

1. Fund and index performance

	Performance to 25 April 2018[1]			
Returns USD	Year to date	1 year	3 years annualised	5 years annualised
Fintax International Balanced Fund	-0.7%	8.5%	4.0%	6.3%
Fintax International Growth Fund	-0.6%	11.6%	5.3%	7.1%
MSCI AC World NR USD	-0.5%	13.1%	6.8%	9.0%
Citigroup WorldBIG TR USD	-0.1%	4.5%	2.2%	1.2%

[1] Weekly priced on Wednesday

Source: Bloomberg, Momentum Global Investment Management Limited & 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.

Past performance is not indicative of future returns

2. Portfolio commentary

A recap of market movements

The 'goldilocks' environment of 2017 – synchronised global growth twinned with subdued inflation, leading to strong corporate profits – continued into 2018, with equity markets rising strongly in the early weeks of the year.

The calm was finally broken in late January with markets falling sharply along with a sudden rise in volatility. By the end of the first quarter most equity markets, including nearly all of those in the developed world, were in negative territory.

Equities bounced back in April but are still down - 0.5% year to date. Meanwhile global bonds are flat to slightly down. The immediate trigger for the sell-off was mounting evidence of higher wage inflation in the US. Twinned with Trump's tax cuts and planned spending increases, this led to a growing conviction that the Fed would have to tighten policy more aggressively to keep inflation under control.

The prospect of higher interest rates in the US prompted a rally in the dollar, which rose against the euro and sterling in April. The greenback posted larger gains versus emerging market currencies, with the most vulnerable currencies, including the Argentine peso, Russian rouble and South African rand, suffering declines of up to 12%.

Where do we see opportunities?

Geopolitics and in particular President Trump's rapid shifts of stance continue to leave many observers confused and nervous. Although geopolitics remains a threat to the stability of markets, the impact is usually very short term in nature. It generally does not pay to build in the most pessimistic outcomes for the many potential flash points globally, the most notable of which are Iran and trade wars with China. The direction of markets in the months ahead will almost certainly be determined not by geopolitics but by central bank policy action.

Although growth momentum has eased this year the global economy continues to expand at a reasonable rate, supporting strong growth in corporate profits. If anything the early evidence of a slowdown could lengthen the upswing as it will enable central banks to take a more dovish approach to monetary policy.

On the current trajectory of growth and inflation the Fed will continue as planned with its asset reductions on a measured pace and will raise interest rates twice more this year. At the same time the European Central Bank and the Bank of England will be tightening policy, albeit at a more gradual pace than envisaged earlier this year. The net effect is that by year end central banks in aggregate will no longer be net contributors to global liquidity, marking a major shift from the Quantitative Easing (QE) which has dominated the post financial crisis era, to Quantitative Tightening (QT).

The combination of QT and heightened uncertainty means that markets will be more vulnerable to setbacks and greater volatility than in 2017. However, the underlying strength of the global economy remains largely intact and the pace of QT will be cautious. We believe therefore that this cycle has further to run and we view the current setback in markets as a healthy correction after a long unbroken upward run rather than the beginning of a more sinister move.

Equities remain our preferred asset class. We continue to prefer stock markets outside of the US where valuations are typically less demanding, although the US market still offers opportunities for a skilled Value manager like Lyrical.

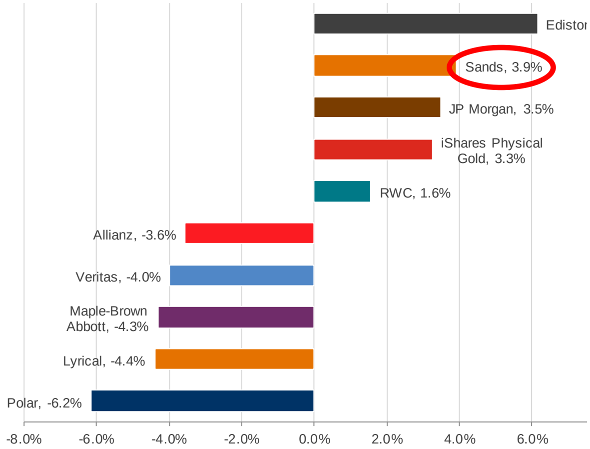
We continue to own some equity put options to provide some protection in periods of heightened volatility. The value of these options increases when the US market falls and they therefore helped performance in the first quarter. As markets fell during the quarter and the value of the options rose we reduced the options we held, capitalising some of the gains.

Although yields on bonds have risen as monetary stimulus has been gradually withdrawn, we still think it is too early in the tightening cycle to be buying bonds in any meaningful size. We prefer to hold a combination of property, liquid alternatives, gold and cash. Property is relatively defensive and offers a reliable yield. The return drivers of our liquid alternatives strategies are uncorrelated to both equities and bonds, and this position should provide greater diversification benefit and downside protection.

Reviewing the performance of our managers

Our underlying managers performed well during the first quarter, in particular our property and equity managers. Figure 1 shows the top and bottom 5 managers ranked according to their dollar performance in the first quarter:

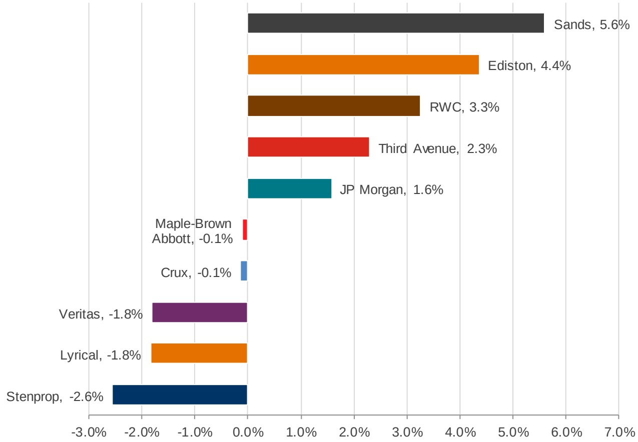
Figure 1: Top and bottom performers in the first quarter (absolute returns in dollars)



Sands, circled, delivered excellent returns. Growth stocks have continued to do well at the start of 2018, defying our expectation that this area of the market is due a pause. Sands look for stocks that have high and persistent growth, and benefit from most investors' failure to recognise the unique factors that mean these businesses can sustain above average growth for a long period of time. While their earnings estimates may not differ significantly from consensus forecasts in the near term, they are often markedly different over the longer term. They recently purchased Align Technology, a US-based company that is a global leader in the malocclusion (misaligned teeth) market, following a yearlong research process. They expect the US adult market to grow more than consensus expectations, while they also believe the non-US market is underappreciated by other investors. These insights were driven by extensive conversations with orthodontists globally, which is typical of Sands detailed fundamental approach.

Next we rank our managers in terms of performance relative to their stated benchmarks:

Figure 2: Manager relative returns



Sands again appears at the top. Next is Ediston, our UK property manager, who returned +0.8% in sterling terms over the quarter. At the same time the valuation of their property portfolio increased by 1%, belying Brexit-related fears. Ediston raised new equity in December and used it to buy four retail parks. This acquisition increased the size of their property portfolio to £340 million, and added some high yielding assets with good development potential. Elsewhere they negotiated several lease extensions at higher rents, and this allowed them to increase January's dividend by 4.5%. Ediston continue to see good investment demand for property from both UK and overseas investors despite nervousness in public markets. Twinned with relatively low levels of property stock available, this has resulted in pricing and yields remaining firm.

RWC, our UK equity manager, also did well in relative terms. They continue to hold a large cash position on the basis that the market is expensive in their opinion. While our own view is that equities still offer reasonable absolute value, and much better value when compared to other assets like bonds, we benefit from the bottom-up view of the two experienced portfolio managers at RWC and the defensive component this strategy adds to the portfolios. The managers are keeping faith with Marks and Spencer, the UK retail group, despite its weak share price and tough conditions on the high street. There are steps the company can take to improve its performance in

RWC's opinion, independent of the general backdrop for the retail sector.

Third Avenue, our global listed property manager, protected capital, with most of their outperformance coming in January and March, and over 12 months they have now returned +10.4% in dollar terms. Finally JPMorgan performed well within emerging market equities after underperforming last year. They have added several Chinese names recently, including SAIC Motor and Guangdong Investment, while they sold Smiles, a Brazilian company managing loyalty programs, following a disappointing dividend. Smiles guided that this year's dividend payout (to be paid in 2019) would likely be cut in favour of reinvestment, contrary to previous statements. JPMorgan take a dim view of these types of actions by management, and therefore chose to divest.

On the other side, there were no big drawdowns among the underperforming managers. It is worth mentioning Stenprop, down 2.1% over the quarter in dollar terms, who remain a special situation. We continue to hold Stenprop at a higher weight in the portfolios ahead of its London listing, expected in June. We expect this to provide an uplift to the current share price over time and to lead to a shrinking of the current large discount to NAV.

We have not made any changes to the manager line-up so far this year, and the incumbents continue to perform in line with our expectations. We recently completed a review of European equity funds and we are now considering whether to diversify this exposure further with a new addition. The other key research priority remains liquid alternatives, where we continue to research an ever expanding universe of opportunities and potential strategies. As the economic and equity market cycles mature we continue to seek investments which provide greater diversification and reduce market risk.

Source: Bloomberg / Morningstar. Returns in US dollars unless otherwise stated, April 2018

Past performance is not indicative of future returns.

3. 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 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 these Funds at the end of the quarter was:

Fintax International Balanced*

1.20%

* TER: 1.20% - The Fintax International Balanced Fund has a Total Expense Ratio (TER) of 1.20%. The TER to 28 March 2018 is based on data for the period from 28 March 2017 to 28 March 2018, 1.20% 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 Manager's website www.momentum.co.gg

Fintax International Growth*

1.38%

* TER: 1.38% - The Fintax International Growth Fund has a Total Expense Ratio (TER) of 1.38%. The TER to 28 March 2018 is based on data for the period from 28 March 2017 to 28 March 2018, 1.38% 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 Manager's website www.momentum.co.gg

4. Top ten holdings

Fintax International Balanced April 2018		
Security	Asset class	Weight
Veritas Global Focus	Equity	9.2%
Cash	Cash	8.6%
Morgan Stanley Global Brands	Equity	8.1%
JP Morgan Emerging Markets Dividend	Equity	6.6%
FP Crux European Special Situations	Equity	5.9%
Conventum Lyrical	Equity	5.4%
Contrarius Global Equity	Equity	5.0%
Stenprop Limited	Property	5.0%
Sands Capital Global Growth	Equity	4.2%
Maple-Brown Abbott Global Infrastructure	Equity	4.1%
Total		**62.1%**

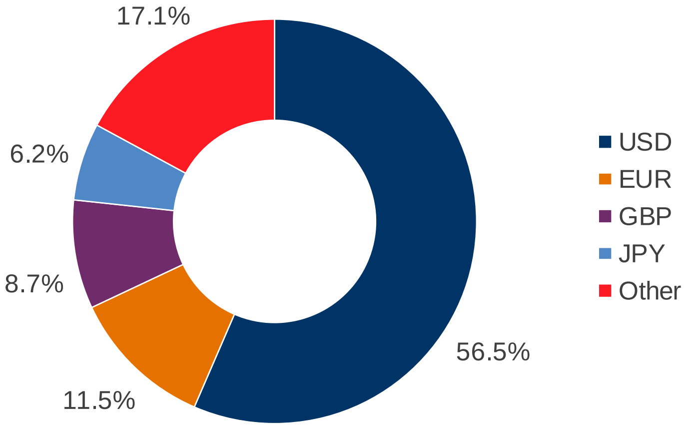
Fintax International Growth April 2018		
Security	Asset class	Weight
JP Morgan Emerging Markets Dividend	Equity	10.1%
Morgan Stanley Global Brands	Equity	9.9%
Veritas Global Focus	Equity	8.6%
Contrarius Global Equity	Equity	8.1%
FP Crux European Special Situations	Equity	7.9%
Conventum Lyrical	Equity	6.3%
Stenprop Limited	Property	5.3%
RWC Income Opportunities	Equity	5.3%
Polar Capital Japan (USD hedged)	Equity	4.8%
Polar Capital Japan	Equity	4.5%
Total		**70.8%**

Source: Bloomberg, Momentum Global Investment Management Limited & Northern Trust International Fund Administration Services (Guernsey) Limited, April 2018. ***Past performance is not indicative of future returns***

6. Fund exposures

Fintax International Balanced

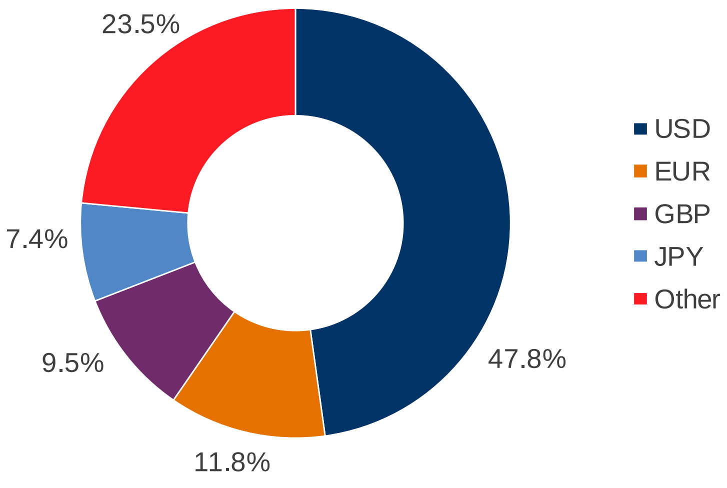
Currency allocation



Past performance is not indicative of future returns

Fintax International Growth

Currency allocation



Past performance is not indicative of future returns

7. Market performance

Asset class/region	Index	Currency	3 months	12 months
		To 30 April 2018		
Developed markets equities				
United States	S&P 500 NR	USD	-5.9%	12.6%
United Kingdom	MSCI UK NR	GBP	1.0%	8.0%
Continental Europe	MSCI Europe ex UK NR	EUR	-2.3%	2.0%
Japan	Topix TR	JPY	-2.3%	18.5%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	-5.9%	20.0%
Global	MSCI World NR	USD	-5.2%	13.2%
Emerging markets equities				
Emerging Europe	MSCI EM Europe NR	USD	-11.8%	10.7%
Emerging Asia	MSCI EM Asia NR	USD	-6.6%	24.5%
Emerging Latin America	MSCI EM Latin America NR	USD	-5.7%	17.8%
BRICs	MSCI BRIC NR	USD	-8.7%	26.9%
Global emerging markets	MSCI EM (Emerging Markets) NR	USD	-6.8%	21.7%
Bonds				
US Treasuries	JP Morgan United States Government Bond Index TR	USD	-0.7%	-1.0%
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	USD	0.0%	0.4%
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	USD	-2.3%	0.7%
US High Yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	USD	-0.8%	3.3%
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	GBP	1.3%	-0.7%
UK Corporate (investment grade)	Barclays Sterling Aggregate Corporate TR Value Unhedged GBP	GBP	-0.7%	0.8%
Euro Government Bonds	Citigroup EMU GBI TR	EUR	1.4%	2.2%
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	EUR	-0.1%	1.2%
Euro High Yield	Barclays European HY 3% Issuer Constraint Total Return Index Value	EUR	-0.3%	3.9%
Japanese Government	JP Morgan Japan Government Bond Index TR	JPY	0.6%	0.5%
Australian Government	JP Morgan Australia GBI TR	AUD	0.9%	1.9%
Global Government Bonds	JP Morgan Global GBI	USD	-1.0%	4.3%
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	USD	-1.4%	4.3%
Global Convertible Bonds	UBS Global Focus Convertible Bond	USD	-2.4%	5.3%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	-3.1%	-1.5%

Source: Bloomberg. April 2018.
Past performance is not indicative of future returns.

Asset class/region	Index	Currency	3 months	12 months
		To 30 April 2018		
Property				
US Property Securities	MSCI US REIT NR	USD	-3.0%	-4.4%
Australian Property Securities	S&P/ASX 200 A-REIT Index TR	AUD	0.2%	-3.8%
Asia Property Securities	S&P Asia Property 40 Index NR	USD	-4.4%	17.3%
Global Property Securities	S&P Global Property USD TR	USD	-3.1%	8.3%
Currencies				
Euro		USD	-2.5%	11.0%
UK Pound Sterling		USD	-3.0%	6.3%
Japanese Yen		USD	0.2%	2.1%
Australian Dollar		USD	-6.3%	0.9%
South African Rand		USD	-4.6%	7.4%
Commodities & Alternatives				
Commodities	RICI TR	USD	2.2%	15.3%
Agricultural Commodities	RICI Agriculture TR	USD	2.8%	1.8%
Oil	ICE Crude Oil CR	USD	8.9%	45.3%
Gold	Gold Spot	USD	-1.7%	4.0%
Hedge funds	HFRX Global Hedge Fund	USD	-3.3%	2.9%

Source: Bloomberg. April 2018.

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Under our multi-management arrangements, we selectively appoint underlying sub-investment managers and funds to actively manage underlying asset holdings in the pursuit of achieving mandated performance objectives. Annual investment management fees are payable both to the multimanager and the manager of the underlying assets at rates contained in the offering documents of the relevant portfolios (and may involve performance fees where expressly indicated therein).

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