

# INTERNATIONAL INVESTMENT FUNDS RISK SUMMARY

There are more than 90,000 investment funds available on the international market. If you go directly to the investment bank, most ask for a minimum of \$100,000 USD or more. And if you want a discretionary manager in Wealth Banking as a non-US resident, the banks require a minimum of 2,000,000 to \$3,000,000 USD. We provide our services with the same quality and access to the same instruments using an insurance company or a platform that already invests in the funds and this helps in reducing the minimums and diversifying among various funds and even portfolios that already contain a wide variety of funds in various assets.

Banks normally categorise their funds into 5 risk levels so that the client can choose what suits him best according to his objectives and tolerance to short-term volatility.

**Risk = short-term volatility or the change in the fund's security price.** We only use risky investment funds 3-5 **for objectives of 5 years or more** (e.g. retirement or your children's future education) due to their short-term volatility.

We mitigate Risks in a many ways:

**1. Diversify** between 3 (or more) unrelated assets: % in bonds, % in stock market and % in commodities. **These are UNRELATED assets. Also diversify across different asset managers (e.g.JPMorgan, Blackrock, Fidelity, Franklin Templeton) of wealth and countries.**

*Don't put all your eggs in one basket!*

**1. Dollar Cost Averaging** = Lowering the average cost of purchasing each investment unit in long-term funds by the volatility it has in the short term. The fund's price volatility (NAV = Net Asset Value) is our friend not our enemy when our objective is to accumulate capital with a long term horizon using regular fixed savings (monthly/quarterly).






By investing at regular intervals (e.g. monthly), more units of a given fund are purchased when prices are low, and fewer when prices are high, which could reduce the overall average purchase cost per unit over the life of the contract. By way of example, during the period 30 May 2008 to 31 December 2010 (which many point to as the start of the financial crisis and then recovery) most funds on the exchanges experienced a significant loss in value, as illustrated in the table below.

One would assume that, compared to the apparent systematic/"stable" performance of the internal fixed-rate unit trust, having invested in any of the above-mentioned internal unit trusts could have been detrimental to the investor.

invested in any of the above-mentioned internal unit-linked equity-based funds could have been detrimental to the investor. However,

as more units are purchased at a lower price (through periodic contributions) at times when the value of the internal unit-linked funds falls, the subsequent value of the internal unit-linked funds during their recovery ensures that they are worth more at the end of the period.



		Código	Tipo de fondo interno por unidades
	HIL JF India	MC52	Acciones
	HIL First State China Growth	MC29	Acciones
	HIL Latin America Equity (BlackRock Latin America)	C08	Acciones
	HIL JP Morgan Natural Resources	MB28	Acciones
	HIL US Fixed Interest (Allianz PIMCO Total Return)	C03	Tasa fija

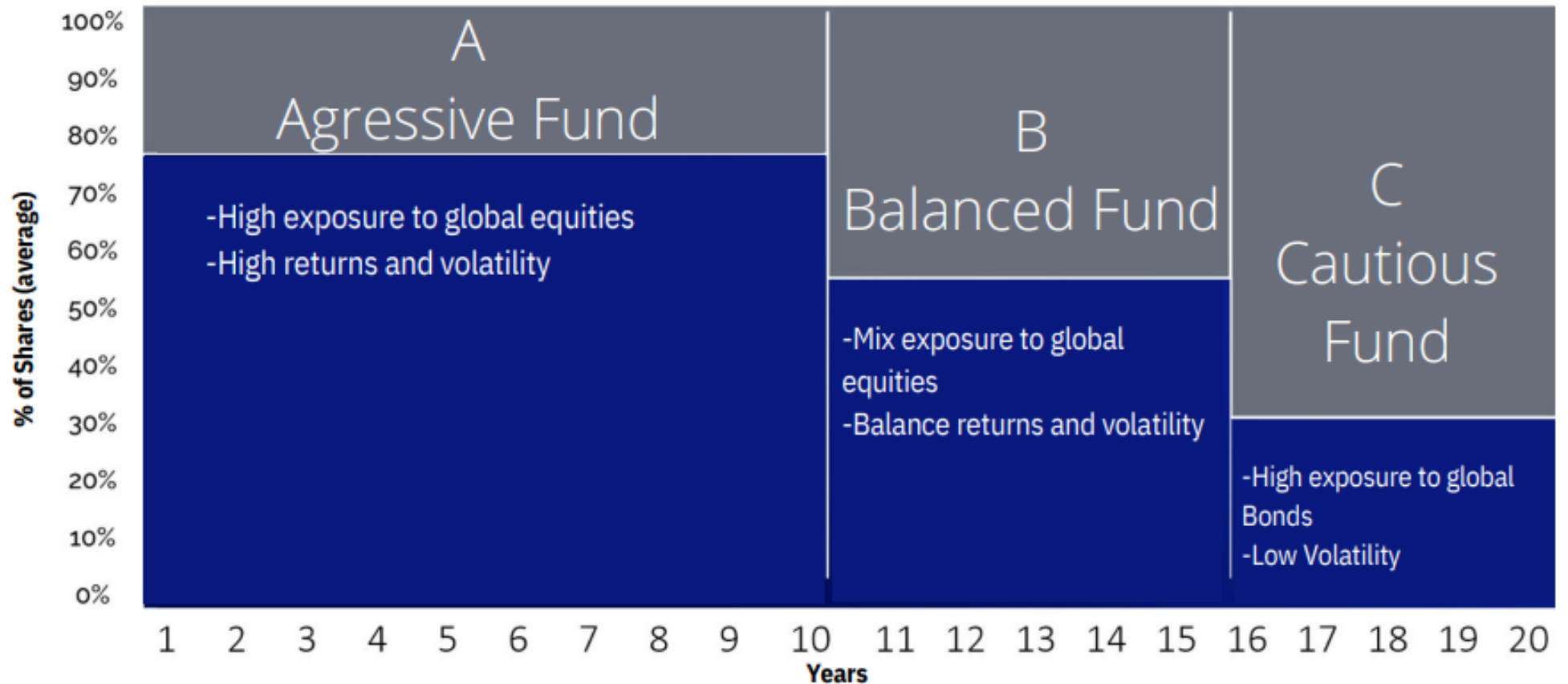
## 2. A B C" Investment Strategy in the management of Retirement Plans








**A = Aggressive:** During the first years of a long term savings/investment plan e.g. 25 years it is advisable to take a more dynamic strategy for the first 15 years, taking advantage of the volatility of the funds with a fixed monthly savings which allows one to accumulate more units in the mutual funds in the long term because when the cost per unit goes down the savings will buy more units. In the long run this effect helps in lowering the average cost of purchasing each investment unit in a mutual fund. It results in adding much more value to the portfolio over the long term as the tendency of funds is to grow over the long term.

**B= Balanced:** Following on from the example above after year 15, adopting a balanced strategy reduces volatility/risk a little more but continues with the growth strategy.

**C= Cautious:** During the last 5 years of the term it is recommended to adopt a more conservative strategy with even less volatility to minimise risk **before** starting the de-accumulation part (receiving income and making withdrawals for retirement etc.).



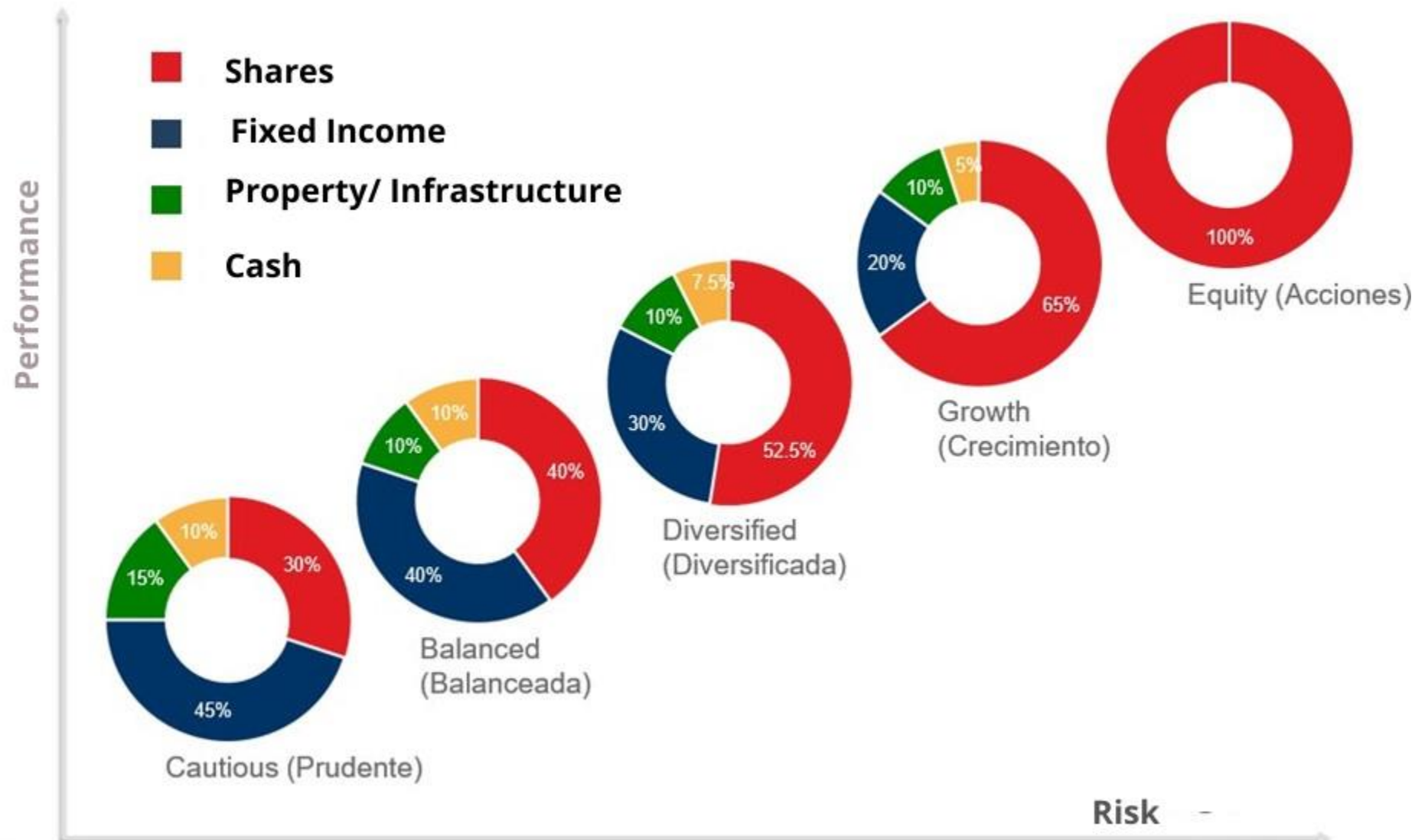
Categorizando En Terminos Generales Los Fondos Internacionales de Inversión en 5 Niveles de Riesgos - ayuda al inversionista decidir su tolerancia a volatilidad/riesgo en el corto plazo sabiendo que su horizonte de inversión es a largo plazo.

<p>1. Average Annualised Growth (last 15 years): 0.5-3%. years): <b>0.5-3%</b>.</p> <p><b>ASSETS:</b> Funds that invest in AAA or AA <b>government bonds</b> and <b>fixed rates</b>. There will be between 50 and 100 bonds in a fund.</p> <p>Short-term volatility: +/-1-2%.</p> 	<p>2. Average Annualised Growth (last 15 years): 5-8%.</p> <p><b>ASSETS:</b> Funds that invest in AAA, BBB and CCC government bonds and <b>even corporate bonds</b> globally.</p> <p>Short-term volatility: +/-3-5%.</p> 	<p>3. Average Annualised Growth (last 15 years): 6-10%. years): <b>6-10%</b>.</p> <p><b>ASSETS:</b> <b>Stock market</b> A mutual fund typically invests in between 30 to 200 shares of global companies e.g. Coca Cola, Walmart, HSBC etc. Coca Cola, Walmart, HSBC etc. These shares either pay regular dividends which serve as an income or are reinvested.</p> <p>Short-term volatility: +/-10%</p> 	<p>4. Average Annualised Growth (last 15 years): 9-15%</p> <p><b>ASSETS:</b> <b>1. Stock Market</b> Typically invests in between 30 to 200 stocks of SMEs and large companies from different industries and sectors but in a single region e.g. only Europe or EU or Japan. <b>2. Commodities</b> e.g. Precious Metals</p> <p>Short-term volatility: +/-15%</p> 	<p>5. Average Annualised Growth (last 15 years): 9-20+%</p> <p><b>ASSETS:</b> <b>Stock Market</b> These are more specific funds that typically invest in between 30 to 200 stocks of SMEs and large companies from different countries but in a single economic sector. e.g. (Tech, Energy, Pharmaceuticals etc). 3 Stock Market Sub-Sectors: <b>Sensitive, Cyclical, Defensive</b> Also funds that focus on emerging markets only (Mexico, Brazil, China, India, Russia, etc). <b>2. commodities</b></p> <p>Short-term volatility: +/-20%</p> 
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# Momentum Global Investment Management



- Momentum Global Investment Management is a wholly-owned subsidiary of MMI Holdings/ JSE Listed
- MMI/Momentum Harmony Investment has USD 65 billion of assets under management, with more than 17,900 employees
- Momentum Global Investment Management in London has USD 6 billion of assets under management.
- **Undertakings for Collective Investment Scheme in Transferable Securities (UCITS) Funds**
- **business on a daily basis**
- **Total liquidity**
- **Domiciled in Luxembourg**
- Momentum Global Investment Management was established in London in 1998 and focuses on:
  - Asset allocation
  - Manager selection
  - Portfolio management
  - Customized multi-asset class portfolios
  - Advisory services for professional clients

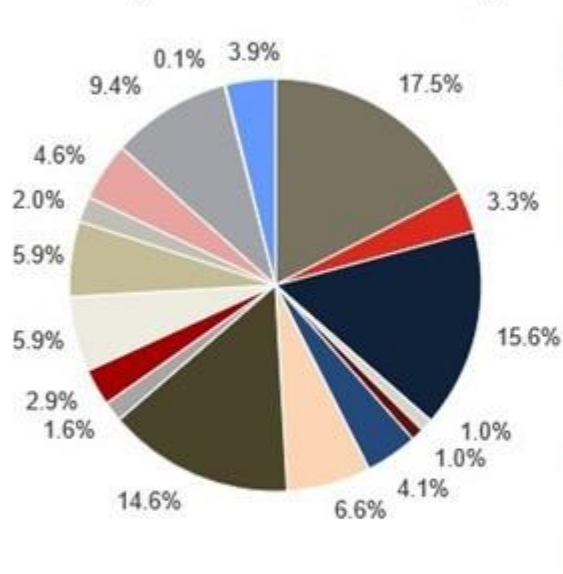


Source: Momentum.

# Building real diversification

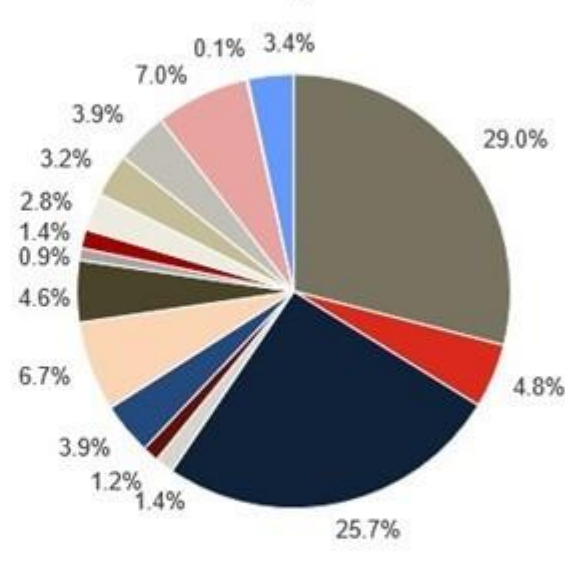


## USD Balanced (Balanceada USD)



- Acciones Globales
- Acciones del mercado emergente
- Acciones de EE. UU.
- Acciones del Reino Unido
- Acciones de Japón
- Acciones de Infraestructura
- Propiedad cotizada
- Crédito de alto rendimiento
- Deuda del mercado emergente
- Bonos Gubernamentales
- Bonos ligados a la inflación
- Bonos convertibles
- Crédito cruzado
- Oro & minas de oro
- Alternativas
- Opciones
- Efectivo

## USD Growth (Crecimiento USD)



- Acciones Globales
- Acciones del mercado emergente
- Acciones de EE. UU.
- Acciones del Reino Unido
- Acciones de Japón
- Acciones de Infraestructura
- Propiedad cotizada
- Crédito de alto rendimiento
- Deuda del mercado emergente
- Bonos Gubernamentales
- Bonos ligados a la inflación
- Bonos convertibles
- Crédito cruzado
- Oro & minas de oro
- Alternativas
- Opciones
- Efectivo

Balanced USD	Type of asset	Growth USD
38.9%	<b>Shares</b>	62.5%
32.9%	<b>Fixed Income</b>	12.9%
10.7%	<b>Property/ infrastructure</b>	10.6%
4.1%	Commodities	3.5%
9.4%	<b>Alternatives</b>	7.0%
4.0%	<b>Cash/ Others</b>	3.5%
100.0%	<b>Total</b>	100.0%

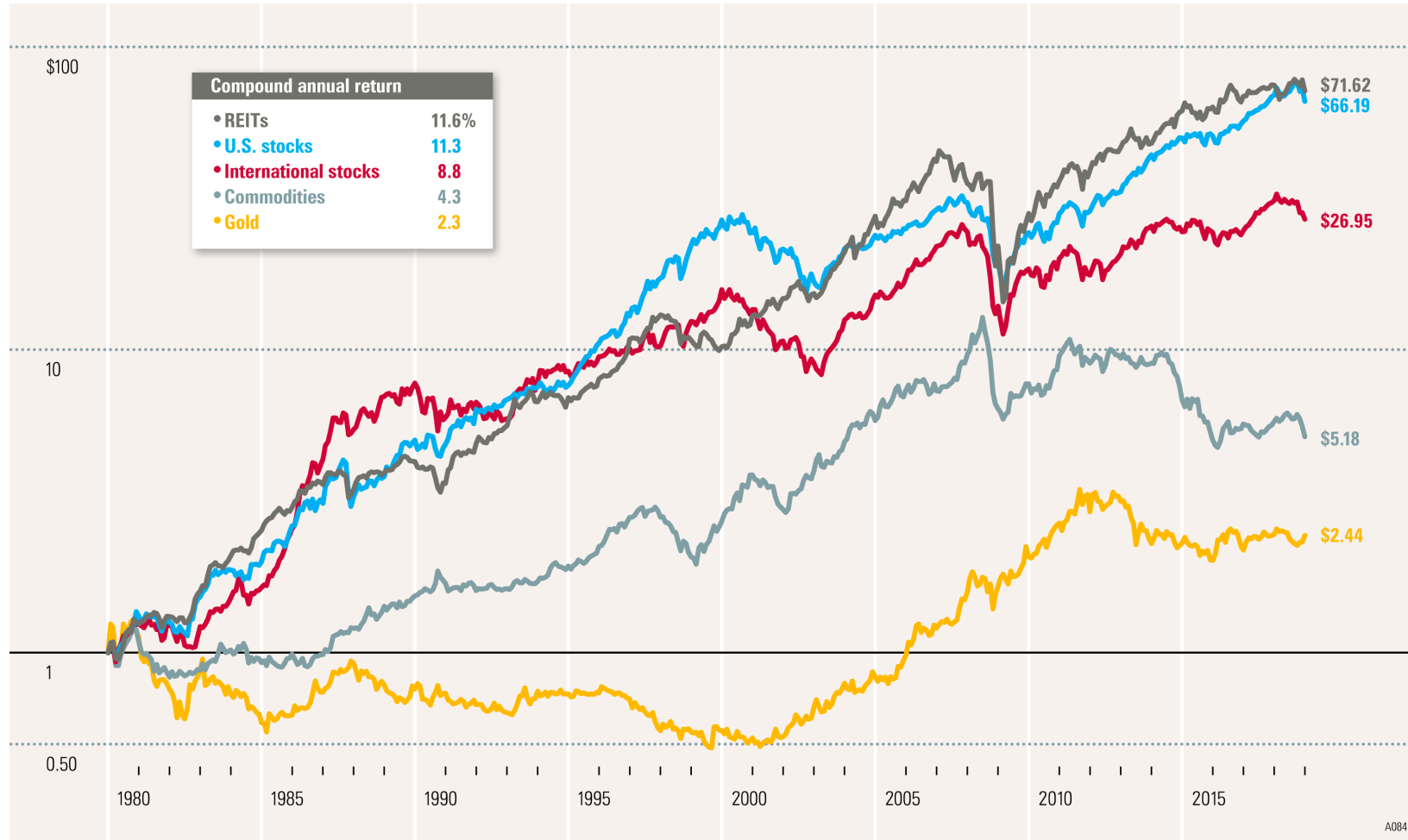
# Investment styles with proven efficiency



<h2>Value</h2> <p>(trading at less than intrinsic value)</p> <p>Low Vapor Multiples</p>	<h2>Growth</h2> <p>(capital appreciation)</p> <p>High sales/revenue growth</p>	<h2>Quality</h2> <p>(Quality Management and Balanced Sheet)</p> <p>Reliable yields</p>
		

## RENTABILIDAD DEL MERCADO A LARGO PLAZO (LONG-TERM MARKET RETURNS)

### Stocks, Commodities, REITs, and Gold 1980–2018



Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1980. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.

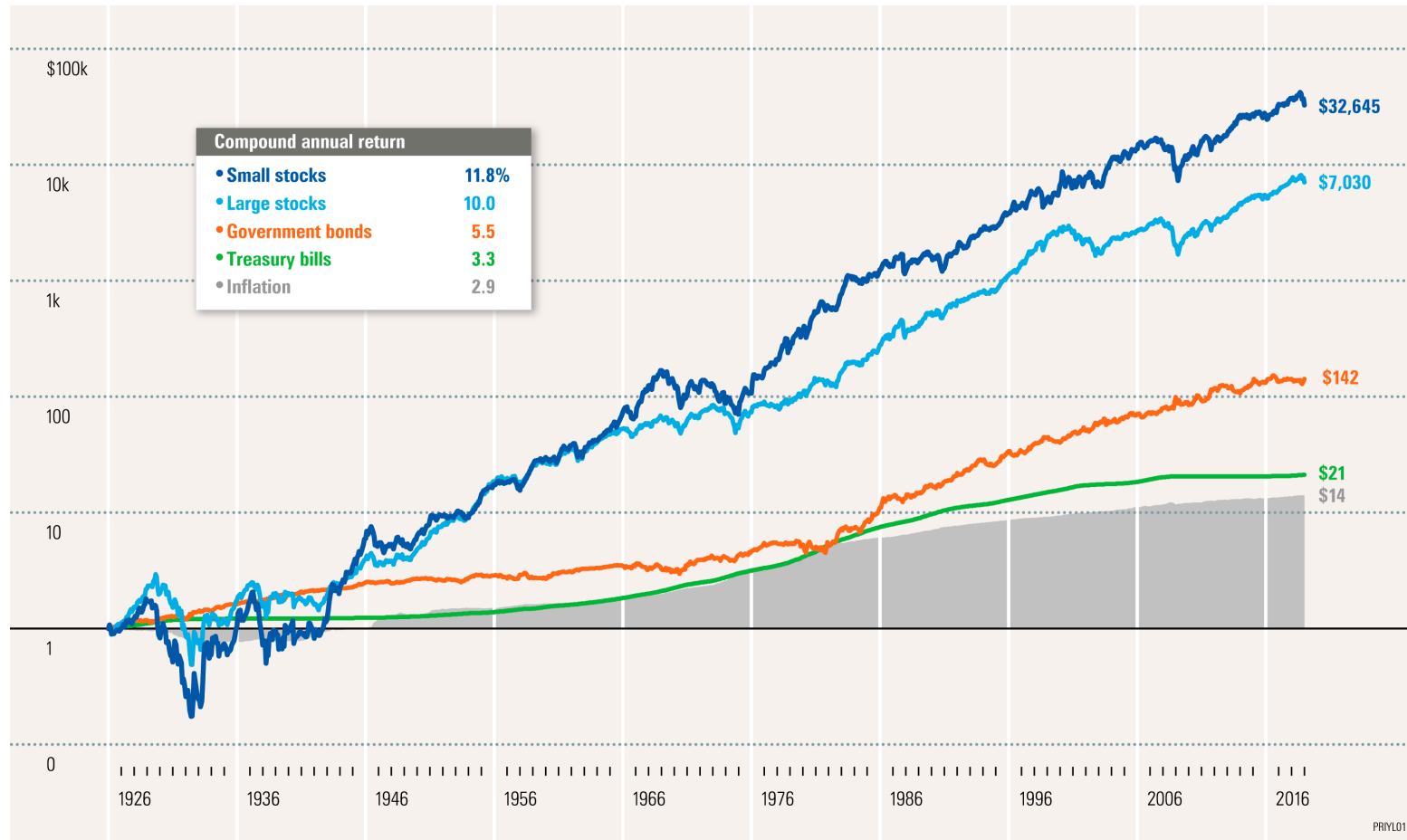
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# RENTABILIDAD DEL MERCADO A LARGO PLAZO (LONG-TERM MARKET RETURNS)

Ibbotson® SBBI®

Stocks, bonds, bills, and inflation 1926–2018



Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.



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