

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Momentum Sterling Balanced Fund IC Limited
Annual Report and Audited Financial Statements for the year ended 30 June 2020

Contents	Page
General Information	1
Investment Manager's Report	2
Directors' Report	3
Independent Auditor's Report	4
Custodian's Report	6
Supplementary Information	7
Portfolio Statement	8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Cash flows	11
Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Shares	12
Notes to the Financial Statements	13

Momentum Sterling Balanced Fund IC Limited
Annual Report and Audited Financial Statements for year ended 30 June 2020

General Information

Address and Registered Office

PO Box 255
Trafalgar Court, Les Banques
St Peter Port, Guernsey
Channel Islands, GY1 3QL

Investment Manager

Momentum Global Investment Management Limited
The Rex Building
62 Queen Street
London
EC4R 1EB
United Kingdom

Distribution Partner

Momentum Wealth International Limited
La Plaiderie House
La Plaiderie
St Peter Port, Guernsey
Channel Islands
GY1 1WF

Manager

Momentum Wealth International Limited
La Plaiderie House
La Plaiderie
St Peter Port, Guernsey
Channel Islands
GY1 1WF

Custodian

Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port, Guernsey
Channel Islands
GY1 3DA

Directors of the Incorporated Cell

Robert Alastair Rhodes
Roxanne Power
Marie Curutchet
Ferdinand van Heerden (effective from 1 September 2019)

Administrator, Registrar & Secretary

Northern Trust International Fund Administration
Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port, Guernsey
Channel Islands
GY1 3QL

Legal Advisors

Carey Olsen
Carey House
Les Banques
St Peter Port, Guernsey
Channel Islands
GY1 4BZ

Independent Auditor

Ernst & Young LLP
PO Box 9
Royal Chambers
St Julian's Avenue
St Peter Port, Guernsey
Channel Islands
GY1 4AF

Momentum Sterling Balanced Fund IC Limited
Annual Report and Audited Financial Statements for year ended 30 June 2020

Investment Manager's Report

Having maintained our core asset allocation through a volatile March, the Momentum Sterling Balanced Fund rebounded sharply in the second quarter as risk assets rallied across the board. Returns were predominantly driven by our equity positions as the MSCI World index rose 19.5% in sterling terms, in what has been one of the fastest recoveries on record. The UK lagged other developed markets, up 8.2%, but our UK equity managers – Evenlode, RWC and Schroders – all outperformed, led by RWC who returned 15.5%. Medium sized companies outperformed in the UK and globally, with the FTSE 250 index climbing 13.9%.

The latent value mentioned last quarter has also started to emerge across other asset classes too. Within fixed income, we saw strong returns coming through emerging market debt, global credit and infrastructure-related loans, all of which outperformed government bonds handsomely. UK property partially recovered from the shock last quarter as the impact of support packages became felt, but discounts in sectors including retail and offices remain extreme.

The Fund's allocation to gold has contributed positively to performance over the past 12 months. The key detractors have been manager selection within equity and our underweight to longer maturity bonds. On the former, we retain a balance of equity investment styles within the Fund but the good relative performance of our quality and growth managers has not been sufficient to offset the underperformance of our value managers during this period. This outcome should be viewed in the context of the worst drawdown for value relative to growth since data is available on Bloomberg, beginning in 1974; much more significant than during the dotcom bubble at the start of the millennium. With respect to fixed paying bonds, these traditional defensive assets are extremely expensive in our assessment. The UK has been sucked into the negative interest rate vortex, with yields now negative out to 7 years; this is before one takes into account the effects of inflation. At these levels of yields, many bonds are discounting deflation for the foreseeable future, despite today's extraordinarily loose monetary and fiscal policy. Given we are more circumspect about the chances of future deflation, we think these bonds represent very poor value.

Following last quarter's spectacular rebound, we would not be too surprised to see equity markets pause for breath a little from here; there remains a lot of uncertainty around the pace of economies reopening, as well as concerns over a second wave of infections later in the year. We have marginally reduced equity as a result, however the positive effects of unprecedented government stimulus measures and lower rates are still impactful, and so they remain around 50% of the overall portfolio, with a further 5% in property shares. We have raised some cash which together with UK Gilts, US Treasuries and gold, serve as effective portfolio hedges.

As we enter another earnings season, we are likely to see corporates reporting some large losses as the full extent of economic shutdowns are laid bare. Analyst expectations are already factoring in ~45% declines however, so much of this is already in the price and the focus will be on business solvency and how companies are adapting to the new normal. Our managers remain invested in well run businesses, some of which are likely to entrench their competitive advantages throughout this crisis, however we remain mindful of developing macro risks around the US and elsewhere. We will continue to monitor these developments closely while running a well diversified and resilient portfolio to withstand any future unexpected shocks.

Momentum Sterling Balanced Fund IC Limited
Annual Report and Audited Financial Statements for year ended 30 June 2020

Directors' Report

The Directors present their annual report together with the audited financial statements of Momentum Sterling Balanced Fund IC Limited (the "Incorporated Cell" or "Cell") for the year ended 30 June 2020.

Principal activities

The Cell with company number 46314, is a Guernsey registered, Limited Liability Incorporated Cell of Momentum Mutual Fund ICC Limited (the "Company"). The activities and objectives of the Cell can be found in note 1 on page 13.

COVID-19 assessment

The Directors have, at the time of approving the financial statements, assessed the potential impact of the COVID-19 global pandemic on the Cell. Refer to note 2 for the detailed disclosure.

Directors

The Directors of the Cell during the year and at the date of this report are set out on page 1.

Directors interests

None of the Directors who held office during the year and at the date of this report had any disclosable interests in the shares of the Incorporated Cell.

Directors' responsibilities

The Directors are responsible for preparing the financial statements for each financial year, which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards, of the state of affairs of the Incorporated Cell and of the profit or loss of the Incorporated Cell for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Incorporated Cell will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Incorporated Cell and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 and The Protection of Investors (Bailiwick of Guernsey) Law, 1987. They are also responsible for safeguarding the assets of the Incorporated Cell and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each Director is aware, there is no relevant audit information of which the Incorporated Cell's auditor is unaware and each Director has taken all the steps they ought to have as a Director to make themselves aware of any relevant audit information and to establish that the Incorporated Cell's auditor is aware of that information.

The Board of Directors confirms that, throughout the period covered by the financial statements, the Cell complied with the Code of Corporate Governance issued by the Guernsey Financial Services Commission, to the extent it was applicable based upon its legal and operating structure and its nature, scale and complexity.

The annual report together with the audited financial statements of the Incorporated Cell are published on the Manager's website. The Manager is responsible for the maintenance and integrity of the website; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may occur to the financial statements after they are initially presented on the website. The Directors appreciate there is uncertainty regarding legal requirements of information published on the internet as it is accessible in many countries and legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors

In June 2017, the Independent Regulatory Board of Auditors published a rule prescribing that auditors of public interest entities in South Africa must comply with mandatory audit firm rotation ("MAFR"), whereby audit firms shall not serve as the appointed auditor of a public interest entity for more than 10 consecutive years, with effect from 1 April 2023.

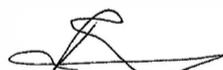
The Board of Momentum Metropolitan Holdings Limited ("MMH"), together with its Audit Committee, has resolved to early adopt MAFR. As a consequence, PricewaterhouseCoopers Inc. rotated off the audit on conclusion of its external audit responsibilities for the year ended 30 June 2019, at the conclusion of MMH's annual general meeting held on 9 December 2019.

On 9 December 2019, Ernst & Young LLP, was appointed as Auditor to the Incorporated Cell in accordance with Article 31.1 of the Cell's Articles of Incorporation and section 258 of the Companies (Guernsey) Law, 2008.



Marie Curutchet
Director

18 December 2020



Robert Rhodes
Director

18 December 2020

Momentum Sterling Balanced Fund IC Limited
Annual Report and Audited Financial Statements for the year ended 30 June 2020
Independent Auditor's Report to the Members of Momentum Sterling Balanced Fund IC Limited

Opinion

We have audited the financial statements of Momentum Sterling Balanced Fund IC Limited (the "Incorporated Cell") for the year ended 30 June 2020 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Shares, and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the Incorporated Cell's affairs as at 30 June 2020 and of the Incorporated Cell's loss for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards; and
- ▶ have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Incorporated Cell in accordance with the ethical requirements issued by the International Ethics Standards Board for Accountants that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs require us to report to you where:

- ▶ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Incorporated Cell's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the Incorporated Cell; or
- ▶ the financial statements are not in agreement with the Incorporated Cell's accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Incorporated Cell's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Incorporated Cell or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but, is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Incorporated Cell's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Incorporated Cell's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Momentum Sterling Balanced Fund IC Limited
Annual Report and Audited Financial Statements for the year ended 30 June 2020

Independent Auditor's Report to the Members of Momentum Sterling Balanced Fund IC Limited (continued)

Use of our report

This report is made solely to the Incorporated Cell's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Incorporated Cell's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Incorporated Cell and the Incorporated Cell's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ernst & Young LLP
Guernsey, Channel Islands

 December 2020

Notes:

1. The maintenance and integrity of the Momentum Mutual Fund ICC Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Momentum Sterling Balanced Fund IC Limited
Annual Report and Audited Financial Statements for the year ended 30 June 2020**

Custodian's Report to the Members of Momentum Sterling Balanced Fund IC Limited (the "Incorporated Cell" or "Cell")

In our opinion, the Cell has, in all material aspects, been managed for the year ended 30 June 2020 in accordance with the provisions of the Principal Documents, Scheme Particulars and The Authorised Collective Investment Schemes (Class B) Rules 2013.



**For and on behalf of
Northern Trust (Guernsey) Limited**

18 December 2020

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Supplementary Information

	30.06.20	30.06.19
1. NUMBER OF SHARES OUTSTANDING		
Class A	5,830,100	5,479,067
Class B	12,537	139,108
2. NET ASSET VALUE PER SHARE (GBP)		
Class A	1.65	1.77
Class B	1.57	1.70
3. HIGHEST/LOWEST PRICE (GBP)*		
Class A	1.84 / 1.40	1.77 / 1.64
Class B	1.75 / 1.34	1.70 / 1.57
4. NUMBER OF SHARES SUBSCRIBED		
Class A	465,467	411,991
Class B	-	6,109
5. NUMBER OF SHARES REDEEMED		
Class A	114,434	667,534
Class B	126,571	256,032

*The highest/lowest price is based on prices from prior year-end to current year-end, being 30.06.2020.

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Portfolio Statement

	Holding	Fair Value GBP	% of Net Assets
Financial assets at fair value through profit or loss			
Equities: 2.67% (2019: 4.56%)			
Property			
Ediston Property Investment Company	332,770	179,696	1.86
Schroder Real Estate Investment Trust	259,148	78,392	0.81
Total Property		258,088	2.67
Government Bonds: 14.74% (2019: 16.00%)			
United Kingdom Treasury Gilt 1.00% 22/04/2024	487,182	507,239	5.25
United States Treasury Inflation Indexed Bonds 0.625% 15/02/2043	170,000	180,624	1.87
United States Treasury Note/Bond 1.625% 15/08/2029	465,000	410,720	4.25
United States Treasury Note/Bond 2.25% 15/11/2025	365,000	325,515	3.37
Total Government Bonds		1,424,098	14.74
Collective Investment Schemes: 73.97% (2019: 76.00%)			
Commodities Funds			
iShares Gold Producers UCITS ETF	4,445	55,874	0.58
iShares Physical Gold ETF	11,875	333,687	3.45
Total Commodities Funds		389,561	4.03
Equity Funds			
iShares Core EURO STOXX 50 UCITS ETF	1,736	167,616	1.73
iShares Core FTSE 100 UCITS ETF	118,757	717,767	7.43
iShares Core MSCI Japan IMI UCITS ETF	3,561	120,007	1.24
iShares Emerging Markets Index Fund	15,029	170,493	1.76
iShares FTSE 250 UCITS ETF	28,396	458,879	4.75
Maple-Brown Abbott Global Fund	238,906	237,855	2.46
Momentum MGF Global Equity Fund Class M	12,158	1,261,022	13.05
RWC Income Opportunities Funds GBP Class	3,022	450,075	4.66
Sands Capital Funds - Sands Emerging Markets Growth Fund	16,834	210,770	2.18
Schroder Recovery Fund - Z Accumulating	587,027	498,033	5.15
TB Wise Investment Funds - Evenlode Income	246,035	800,845	8.29
Total Equity Funds		5,093,362	52.70
Fixed Income Funds			
Aviva Investors - Global Convertibles Fund Class Iyh Acc GBP	0.105	12	-
AXA Fixed Interest ICVC - US Short Duration High Yield Fund	266,197.747	382,260	3.96
iShares Bond 0-5yr UCITS ETF GBP Dist ETF	4,365	462,952	4.79
iShares Emerging Markets Government Bond Index Fund Class Institutional Acc USD	895	8,011	0.08
iShares JP Morgan \$ Emerging Markets Bond UCITS ETF	3,830	335,182	3.48
Jupiter Global Emerging Markets Short Duration Bond F GBP Acc	911	97,240	1.01
Muzinich Funds - Emerging Markets Short Duration Fund Class A	778	88,258	0.91
Muzinich Funds - Enhanced Yield Short-Term Fund Class A GBP	2,823.292	289,867	3.00
RWC Funds - RWC Global Convertibles Fund EUR Class	0.349	532	0.01
Total Fixed Income Funds		1,664,314	17.24
Total Collective Investment Schemes		7,147,237	73.97
Investment Trusts: 4.31% (2019: 2.19%)			
Sequoia Economic Infrastructure Income Fund	400,110	416,114	4.31
Total Investment Trusts		416,114	4.31
Financial assets at fair value through profit or loss		9,245,537	95.69
Other Net Assets: 4.31% (2019: USD124,067; 1.25%)		416,837	4.31
Net Assets Attributable to Holders of Participating Redeemable Shares		9,662,374	100.00

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Statement of Financial Position

		Year ended 30.06.20	Year ended 30.06.19
	Notes	<u>GBP</u>	<u>GBP</u>
ASSETS			
CURRENT ASSETS			
Financial assets at fair value through profit or loss	6	9,245,537	9,837,599
Cash and cash equivalents	7	444,171	-
Fair value of derivative financial instruments	8	-	3,269
Interest receivable	6	4,435	8,553
Securities sold receivable	6	-	179,906
Other receivables	9	321	316
		<u>9,694,464</u>	<u>10,029,643</u>
Total assets		<u>9,694,464</u>	<u>10,029,643</u>
LIABILITIES			
CURRENT LIABILITIES			
Bank overdraft	7	-	53,269
Securities purchased payable	6	64	-
Fair value of derivative financial instruments	8	16,521	-
Other payables	10	15,503	14,706
Liabilities (excluding net assets attributable to holders of participating redeemable shares)		<u>32,088</u>	<u>67,975</u>
Net assets attributable to holders of participating redeemable shares	3 & 12	9,662,374	9,961,666
Total liabilities		<u>9,694,462</u>	<u>10,029,641</u>
SHAREHOLDERS' EQUITY			
Management shares	11	2	2
Total equity		<u>2</u>	<u>2</u>
Total equity and liabilities		<u>9,694,464</u>	<u>10,029,643</u>
Net asset value per participating redeemable share	12		
Class A		1.65	1.77
Class B		1.57	1.70

The notes 1 to 17 on pages 13 to 21 form part of these financial statements.

These financial statements were authorised for issue by the Board of Directors on 18 December 2020 and signed on its behalf by:



Marie Curutchet
Director



Robert Rhodes
Director

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Statement of Comprehensive Income

		Year ended 30.06.20	Year ended 30.06.19
	Notes	<u>GBP</u>	<u>GBP</u>
INCOME			
Net realised gains on financial assets at fair value through profit or loss	6	(21,146)	265,708
Net unrealised (losses)/gains on financial assets at fair value through profit or loss	6	(631,668)	70,980
Net (loss)/gain on financial assets at fair value through profit or loss		<u>(652,814)</u>	<u>336,688</u>
Deposit (loss)/income		(1,033)	49
Interest income		54,609	59,188
Dividend income		133,664	143,516
Net losses on derivatives		(97,250)	(33,357)
Other foreign exchange losses		(8,102)	(10,540)
Other income		-	5,717
Total net (loss)/income		<u>(570,926)</u>	<u>501,261</u>
EXPENSES			
Audit fee		(6,112)	(6,019)
Custodian fee	14	(6,103)	(6,049)
Sub-Investment Management fee	14	(39,621)	(44,955)
Management and Administration fee	14	(29,363)	(30,479)
Sundry expenses		(5,216)	(5,952)
Total operating expenses		<u>(86,415)</u>	<u>(93,454)</u>
Net (loss)/profit before tax		<u>(657,341)</u>	<u>407,807</u>
Withholding tax		(4,177)	(4,531)
(Decrease)/increase in net assets attributable to holders of participating redeemable shares from operations		<u>(661,518)</u>	<u>403,276</u>

All items in the above statement derive from continuing operations. There is no difference between the (decrease)/increase in net assets attributable to holders of participating redeemable shares and comprehensive income.

The notes 1 to 17 on pages 13 to 21 form part of these financial statements.

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Statement of Cash Flows

	Year ended 30.06.20	Year ended 30.06.19
	<u>GBP</u>	<u>GBP</u>
CASH FLOW FROM OPERATING ACTIVITIES		
(Decrease)/increase in net assets attributable to holders of participating redeemable shares from operations	(661,518)	403,276
ADJUSTMENTS FOR:		
Net realised gains on financial assets at fair value through profit or loss	21,146	(265,708)
Net unrealised losses/(gains) on financial assets at fair value through profit or loss	631,668	(70,980)
Net settlement on derivatives and other foreign exchange	29,423	73,474
Dividend income	(133,664)	(143,516)
Deposit loss/(income)	1,033	(49)
Interest income	(54,609)	(59,188)
Withholding tax	4,177	4,531
Operating loss before working capital changes	(162,344)	(58,160)
Net decrease in other receivables	(5)	-
Net increase in other payables	797	1,150
Purchase of financial assets at fair value through profit or loss	(4,633,885)	(3,590,646)
Sale of financial assets at fair value through profit or loss	4,753,100	3,957,508
Dividend received	129,491	138,985
Deposit income	3,085	2,855
Interest income	54,609	59,188
Net cash generated from operating activities	144,848	510,880
CASH FLOW FROM FINANCING ACTIVITIES		
Cash received on issuance of participating redeemable shares	775,588	722,852
Cash paid on redemption of participating redeemable shares	(413,362)	(1,571,185)
Net cash generated from/(used in) financing activities	362,226	(848,333)
Net increase/(decrease) in cash and cash equivalents	507,074	(337,453)
Cash and cash equivalents at the beginning of the year	(53,269)	366,184
Exchange losses on cash and cash equivalents	(9,634)	(82,000)
Cash and cash equivalents at the end of the year	444,171	(53,269)

The notes 1 to 17 on pages 13 to 21 form part of these financial statements.

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Shares

	Notes	Year ended 30.06.20	Year ended 30.06.19
		<u>GBP</u>	<u>GBP</u>
Net assets attributable to holders of participating redeemable shares at the beginning of the year		9,961,666	10,406,723
Proceeds from issuance of participating redeemable shares	11	775,588	722,852
Payments on redemption of participating redeemable shares	11	(413,362)	(1,571,185)
(Decrease)/increase in net assets attributable to holders of participating redeemable shares from operations		(661,518)	403,276
Net assets attributable to holders of participating redeemable shares at the end of the year	12	<u>9,662,374</u>	<u>9,961,666</u>

The notes 1 to 17 on pages 13 to 21 form part of these financial statements.

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

1. General Information

The Momentum Sterling Balanced Fund IC Limited (the "Incorporated Cell" or "Cell"), with company number 46314, is a Guernsey registered, Limited Liability Incorporated Cell of Momentum Mutual Fund ICC Limited (the "Company").

The primary objective of the Cell 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 of the Cell invests into a wide range of asset classes including cash, fixed income, high yield, equities and property. As this portfolio has been designed for investors for whom Sterling is the base currency, typically two thirds of the portfolio will be held in Sterling based investments. The Cell is ideally suited to investors with a medium risk tolerance with an investment horizon of three years or longer.

The Cell intends to achieve its investment objective through a diversified global portfolio that invests, primarily via other Collective Investment Schemes, across a broad range of asset classes and currencies in varying proportions over time. These classes include international equities, fixed income, alternative strategies, property, money market instruments, commodities and mixed asset funds. The Cell may also invest in transferable securities and foreign currency forwards.

The Cell's investment activities are managed by Momentum Wealth International Limited (the "Manager"), with the investment management delegated to Momentum Global Investment Management Limited (the "Investment Manager").

On 18 November 2019, amendments were made to the Supplemental Prospectus.

• Further to the appointment of Celerity Investments (Pty) Limited as Investment Advisor, an additional section has been added to the Supplemental Prospectus:

• (F) Investment Advisor.

• Section (G) Fees and Expenses has been updated to include Investment Advisory Fee.

• Section (H) Material Agreements has been updated to include Investment Advisory Agreement dated 11 July 2019.

The Financial Statements were authorised for issue by the Board of Directors on 18 December 2020.

2. Summary of significant accounting policies

The principal accounting policies detailed below have been consistently applied in the preparation of the financial statements.

2.1 Basis of preparation

The financial statements for the Incorporated Cell have been prepared on a going concern basis, in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments).

The COVID-19 pandemic and the resultant uncertain economic environment and financial market volatility caused by it has created uncertainty in the operating environment of the Cell. All service providers have continued to operate effectively throughout the relevant COVID-19 local government restrictions. No concerns regarding liquidity, valuations or COVID-19 service provider issues have been identified that cause the Board to have any concern regarding the ongoing operation of the Cell or that require any changes to the Financial Statements of the Cell.

Notwithstanding the challenges arising from the impact of the COVID-19 virus, the Cell continues to operate, administer and price the Funds in accordance with regulatory requirements and in accordance with relevant accounting standards. The Cell will continue to monitor fund liquidity and market volatility to ensure Funds are managed in the best interests of shareholders.

At the time of approving the financial statements, the Board has assessed redemption levels and there have been no significant redemptions.

After careful consideration the Board are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements and they have a reasonable expectation that the Cell will continue in existence as a going concern.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, which are disclosed in note 4 of the Incorporated Cell's financial statements. It also requires the Board of Directors to exercise its judgement in the process of applying the Incorporated Cell's accounting policies.

The Directors have adopted a policy of applying new standards and interpretations when they become effective.

2.2 Adoption of new and revised standards

Standards, amendments and interpretations effective during the year

The following accounting standards, amendments and interpretations became effective for the first time this year:

(a) IFRS 16 Leases (effective date – 1 January 2019)

(b) Definition of Material (Amendments to IAS 1 and IAS 8)(effective date –1 January 2020)

(c) Prepayment Features with Negative Compensation (Amendments to IFRS 9)(effective date – 1 January 2019)

(d) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)(effective date –1 January 2020)

(a) IFRS 16 Leases

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

IFRS 16 contains expanded disclosure requirements for lessees.

The adoption of IFRS 16 had no material impact on the net assets attributable to holders of ordinary redeemable shares of the Company or the Incorporated Cell as neither the Company nor its Cell are party to any lease arrangements.

(b) (Amendments to IAS 1 and IAS 8) Definition of Material

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The adoption of above amendments to IAS1 and IAS8 had no material impact on the net assets attributable to holders of ordinary redeemable shares of the Cell.

(c) (Amendments to IFRS 9) Prepayment Features with Negative Compensation

The IASB published Prepayment Features with Negative Compensation (Amendments to IFRS 9) to address the concerns about how IFRS 9 'Financial Instruments' classifies particular prepayable financial assets.

The amendments address changes regarding symmetric prepayment options and clarification regarding the modification of financial liabilities.

Changes regarding symmetric prepayment options

Management assessed the above and concluded the amendments have no effect on the Company's Financial Statements as the Company does not have any prepayable financial assets or interest-bearing financial liabilities that may require measurement modification.

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and revised standards (continued)

(d) *(Amendments to IFRS 9, IAS 39 and IFRS 7) Interest Rate Benchmark Reform - effective 1 January 2020*

The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.

- The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.
- In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The Board anticipates that the adoption of this standard, which will be adopted for the year ending 30 June 2021, will not have a material impact on the financial statements of the Incorporated Cell.

Standards, amendments and interpretations that are not yet effective

The following new standards, amendments and interpretations are not yet effective but will be applied, where relevant. Where EU effective date differs from the IASB effective date, these are explained below:

IFRS 17 - Insurance Contracts - Effective from 1 January 2023.

The Board anticipates that the adoption of this standard, which will be adopted for the year ending 30 June 2022, will not have a material impact on the financial statements of the Cell, on the basis that the Cell has not entered into any insurance contracts.

2.3 Foreign currency translation

(a) Functional and presentation currency

The currency in which the financial information is shown in the financial statements of the Company and the Cell is deemed to be its functional and presentational currency. In arriving at the functional currency, the Directors have considered the primary economic environment of the Company and the Cell, and in doing, so have considered the currency in which the original capital was raised, any distributions are to be made, performance is evaluated and ultimately, the currency in which capital would be returned on break up basis. They have also considered the currency to which the majority of the underlying investments are exposed and liquidity is managed. The Directors are of the opinion that the currency selected best represents the functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Statement of Comprehensive Income within the fair value net gain or loss.

2.4 Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Incorporated Cell classifies its investments in Collective Investment Schemes as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified by the Board of Directors at fair value through profit or loss at inception. The Incorporated Cell does not classify any derivatives as hedges in a hedging relationship. Financial assets and financial liabilities are designated at fair value through profit or loss at inception, are managed, and their performance evaluated on a fair value basis in accordance with the Incorporated Cell's documented investment strategy. The Incorporated Cell's policies are for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(b) Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date of the underlying security, so long as the underlying transaction has been confirmed by the relevant counterparty as at the Statement of Financial Position date. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Incorporated Cell has transferred substantially all risks and rewards of ownership.

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income of the Incorporated Cell. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the period in which they arise.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Company and its Incorporated Cell adopted to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. As a practical expedient to establish fair value within the bid-ask spread, management will use mid-market pricing. The market price used for assets which are not traded in active markets are those as supplied by their Fund administrators.

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 Forward currency contracts

Forward foreign currency contracts are treated as derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently remeasured at their fair value. Fair value is determined by rates in active currency markets. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The gain or loss on remeasurement to fair value is recognised immediately through profit or loss in the Statement of Comprehensive Income within other losses and gains in the period in which they arise.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.8 Other financial instruments

For other financial instruments, including amounts due to and from brokers and all receivables and payables, the carrying amounts as shown in the Statement of Financial Position approximate to fair value due to the short-term nature of these financial instruments.

2.9 Share capital

The Incorporated Cell has an authorised share capital of 100 Management shares of GBP1.00 each and an unlimited number of no par value participating redeemable shares.

(a) Management shares

Management shares were issued to comply with Guernsey Company Law, prior to its revision in 2008, under which there had to be a class of non redeemable shares in issue in order that participating redeemable shares may be issued. The management shares are beneficially owned by the Manager, do not carry any right to dividends, are only entitled to vote at shareholder meetings where there are no participating redeemable shares in issue within the Incorporated Cell and are only entitled to return of capital on the winding up of the Incorporated Cell.

The Incorporated Cell has issued 2 management shares.

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

2.9 Share capital (continued)

(b) Participating redeemable shares

The Incorporated Cell's capital is represented by participating redeemable shares with no par value each carrying one vote.

The participating redeemable shares are redeemable at the holder's option and are classified as financial liabilities. Participating redeemable shares can be put back to the Incorporated Cell at any time for cash equal to a proportionate share of the Incorporated Cell's net asset value. The participating redeemable share is carried at the redemption amount that is payable at the Statement of Financial Position date if the holder exercises the right to put the share back to the Incorporated Cell.

2.10 (Decrease)/increase in net assets attributable to holders of participating redeemable shares from operations

Income not distributed is included in Net Assets Attributable to Holders of Participating Redeemable Shares of the Incorporated Cell's financial statements.

2.11 Capital risk management

The fair value of the Cell's financial assets and financial liabilities approximate to their carrying amounts at the reporting date. For the purposes of this disclosure, shares are considered to be capital.

The Incorporated Cell's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders. There are no externally imposed capital requirements on the Incorporated Cell. The Incorporated Cell has no intention to borrow, other than to fund short-term liquidity requirements. The Incorporated Cell may arrange an overdraft facility for such purposes.

2.12 Interest and dividend income

Dividend income is recognised when the right to receive payment is established. All deposit interest and other income is accounted for on an accruals basis.

2.13 Expenses

Expenses are accounted for on an accruals basis and all amounts have been allocated to the Statement of Comprehensive Income.

2.14 Custodian bank charges

Custodian bank charges include additional fees on top of the asking price of the security. The bid-asking spread is not disclosed as part of a custodian bank charge. This spread is included in the Statement of Comprehensive Income within the fair value net gain or loss.

2.15 Taxation

The Cell has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability is an annual fee of £1,200 (2019: £1,200).

The Cell incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the Statement of Comprehensive Income. Withholding taxes are shown as a separate item in the Statement of Comprehensive Income.

3. Financial risk management

3.1 Strategy in using financial instruments

The Cell's activities and investment objectives expose them to a variety of financial risks: market risk (which is made up of price risk, interest rate risk and currency risk), credit risk and liquidity risk (including cash flow risk). The Cell's overall risk management programme seeks to maximise the return derived for the level of risk to which the Cell is exposed and focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Cell's financial performance. The following policies and procedures to mitigate risk have been in place throughout the year.

The Cell's policies allow it to use derivative financial instruments to both moderate and create certain risk exposure. The fair value of derivative financial instruments as at 30 June 2020 is disclosed under note 8 of these financial statements.

3.2 Market price risk

Market price risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices, other than those arising from currency or interest rate risk. The Cell is subject to market price risk as it trades primarily in equities and Collective Investment Schemes. Through its investment in traded securities and instruments the Cell is subject to market movements in the equity and bond markets.

All investments present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Cell's overall market position is monitored by the Investment Manager and is reviewed by the Board of Directors.

The Cell's market price risk is managed through diversification of the investment portfolio by exposure to varying product categories, hence concentration of risk is minimised. At the year end, the financial assets at fair value through profit or loss, which are subject to market price risk, are as follows:

	2020		2019	
	Fair Value GBP	% of net assets	Fair Value GBP	% of net assets
As at 30 June				
Government Bonds	1,424,098	14.74	1,592,749	16.00
Equities	258,088	2.67	454,670	4.56
Collective Investment Schemes	7,147,237	73.97	7,572,479	76.00
Investment Trusts	416,114	4.31	217,701	2.19
	9,245,537	95.69	9,837,599	98.75

The Cell's market price risk is affected by three main components: changes in actual market prices, interest rate and foreign currency movements. Interest rate and foreign currency exchange rate movements are covered in notes 3.3 and 3.5, respectively. If the market indices increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of participating redeemable shares would amount to:

	2020	2019
	Change in fair value GBP	
Government Bonds	142,410	159,275
Equities	25,809	45,467
Collective Investment Schemes	714,724	757,248
Investment Trusts	41,611	21,770

3.3 Interest rate risk

The Cell's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The majority of the Cell's financial assets and liabilities are non-interest bearing. As a result, the Cell is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

3. Financial risk management (continued)

3.3 Interest rate risk (continued)

The table below summarises the Cell's exposure to interest rate risks. It includes the Cell's assets and trading liabilities at fair values, all of which have contractual re-pricing or maturity dates within one month.

As at 30 June	2020 GBP	2019 GBP
Net financial assets on which no interest is paid	7,789,670	8,413,633
Net floating rate financial assets/(liabilities)	448,606	(44,716)
Net fixed rate financial assets	1,424,098	1,592,749

Should interest rates have increased by 50 basis points with all other variables remaining constant, the increase in the net assets attributable to participating redeemable shareholders would amount to approximately:

As at 30 June	2020 GBP	2019 GBP
Net floating rate financial assets/(liabilities)	2,243	(224)
Net fixed rate financial assets	7,120	7,964

A decrease of 50 basis points would have had no effect as interest received at year end was immaterial.

3.4 Cash flow risk

The Cell holds a limited amount of cash and cash equivalents that expose the Cell to cash flow interest rate risk. The risk exposure here is deemed minimal.

3.5 Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Sterling Balanced Cell holds assets including investments denominated in currencies other than the Sterling, the functional currency, and therefore, it is exposed to currency risk. The exposures are based on the currencies of the underlying assets in the Cell. Where the Cell invests via Collective Investment Schemes, the funds are treated as a single asset with its currency of exposure being assumed to be its reporting currency.

The table below summarises the Cell's exposure to currency risks.

As at 30 June	2020 GBP	2019 GBP
EUR exposure	170,407	607
USD exposure	2,700,209	3,360,968

In accordance with the Cell's policy, the Investment Manager monitors the Cell's currency position on a regular basis, and the Board of Directors reviews it periodically. The Cell has the ability to enter into forward foreign exchange contracts in an attempt to mitigate any significant currency risk. Such contracts are used on a regular basis. The contracts which are outstanding at the year end are disclosed in note 8.

Should the Cell's functional currency have strengthened, or weakened, by 5% against other currencies to which it is exposed, and all other variables, including the price of all investments, had held constant, the net asset attributable to participating redeemable shareholders would have increased, or decreased, as follows:

As at 30 June	2020 GBP	2019 GBP
EUR exposure	8,520	30
USD exposure	135,010	168,048

3.6 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

There is a risk that an investee company may be unable to satisfy a valid redemption request made by the Cell. The Directors consider that the Investment Manager mitigates this risk by way of its investment process, as described in note 3.2. No such redemption problems have been encountered.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. Delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. Given the relatively short settlement period, and the high credit quality of the brokers used, the risk here is considered to be minimal.

The Cell manages its exposure to credit risk associated with its cash deposits by selecting Northern Trust (Guernsey) Limited as the counterparty to hold all cash deposits for the Cell. The Northern Trust Company is a wholly owned subsidiary of the Northern Trust Corporation. The credit rating for Northern Trust Corporation from Standard and Poor's is A+. The credit rating from Moody's is A2.

The Government bonds held in the Cell's portfolio are Aaa and Aa2 rated by Moody's.

The Cell's maximum exposure to credit risk is the carrying value of the assets on its Statement of Financial Position.

3.7 Liquidity risk

Liquidity risk is the risk that the Cell will encounter difficulty in meeting obligations associated with its financial liabilities. The main liquidity risk is the risk that the Cell may be unable to recover funds invested through the usual redemption processes which may result in the Cell having insufficient funds to settle a transaction on the due date. Due to the nature of the Cell, the majority of investments held are in marketable securities that are readily tradeable and have reported no warnings regarding its ability to process redemptions as normal.

The Cell has the ability to borrow to meet short term liquidity requirements, however to date the Cell has not entered into such arrangement.

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

3. Financial risk management (continued)

3.7 Liquidity risk (continued)

The table below analyses the Cell's financial assets, financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month GBP	Between 1 and 12 months GBP	More than 12 months GBP	2020 Total GBP	2019 Total GBP
Financial assets at fair value through profit or loss	9,245,537	-	-	9,245,537	9,837,599
Cash and cash equivalents	444,171	-	-	444,171	(53,269)
Securities sold receivable	-	-	-	-	179,906
Interest receivable	4,435	-	-	4,435	8,553
Other receivables	319	-	-	319	314
Securities purchased payable	(64)	-	-	(64)	-
Fair value of derivative financial instruments	(16,521)	-	-	(16,521)	3,269
Other payables	(15,503)	-	-	(15,503)	(14,706)
Net assets attributable to holders of participating redeemable shares	(9,662,374)	-	-	(9,662,374)	(9,961,666)
Net liquidity position	-	-	-	-	-

Participating redeemable shares are redeemed on demand at the holder's option. However the Board of Directors does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash flows, as holders of these instruments typically retain them for the medium to long term.

3.8 Management of capital

The Board, with the assistance of the Investment Manager, manages the capital of the Cell in accordance with the investment objectives and policies. The Cell's overall strategy remains unchanged.

The Cell has no externally imposed capital requirements.

3.9 Fair value disclosure

In the opinion of the Directors there are no material differences between the net asset values of the underlying assets and fair values of the financial assets and liabilities.

4. Critical accounting estimates and judgements

The fair value of investments is considered to be the quoted, active market prices, or prices as supplied by the fund administrators of the Cell's underlying investments.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

The fair value of investments in investee funds that are not quoted in an active market is determined primarily by reference to the latest available redemption price of such units for each investee fund, as determined by the administrator of such investee fund. The Investment Manager may make adjustments to the reported net asset value of various investee funds based on considerations such as:

- the liquidity of the investee fund or its underlying investments;
- the value date of the net asset value provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the investee fund's advisors.

The prices are reviewed by the Investment Manager on a periodic basis. The Cell does not hold any level 3 investments.

5. Portfolio analysis

The Cell's portfolio is organised by focusing on the type of security held, and then secondarily by geographical analysis based on the location of the investment.

The Cell operates using the main sector types disclosed in note 3.2 and the following main geographical areas :

	2020 GBP	2019 GBP
Channel Islands	494,507	360,233
Europe	5,466,099	5,645,798
United Kingdom	2,368,073	2,670,872
United States of America	916,858	1,160,696
	9,245,537	9,837,599

The geographical segment for listed non-monetary financial assets is considered to be the place of primary listing and for non-listed financial assets where the underlying investment is domiciled.

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

6. Financial assets at fair value through profit or loss

	2020	2019
	GBP	GBP
Financial asset at fair value through profit or loss:		
Government bonds	1,424,098	1,592,749
Equities	258,088	454,670
Collective Investment Schemes	7,147,237	7,572,479
Investment Trusts	416,114	217,701
Total financial assets at fair value through profit or loss	9,245,537	9,837,599
Movement on financial assets at fair value through profit or loss		
Fair value of financial assets at the beginning of the year	9,837,599	10,047,678
Purchases of financial assets at fair value through profit or loss	4,633,949	3,590,646
Sales of financial assets at fair value through profit or loss	(4,573,197)	(4,137,413)
Realised gains on sales of financial assets at fair value through profit or loss	(21,146)	265,708
Movement in unrealised (losses)/gains on revaluation of financial assets	(631,668)	70,980
Fair value of financial assets at the end of the year	9,245,537	9,837,599
Comprising:		
Cost at the end of the year	9,367,081	9,145,957
Unrealised gains/(losses) at the end of the year	(121,544)	691,642
	9,245,537	9,837,599

IFRS 13 requires the Cell to classify fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy, within which the fair value measurement is categorised in its entirety, is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Board. The Board considers observable market data that is readily available, readily distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The investments classified as Level 1 consist of financial assets that are actively traded with fair values readily available from recognised exchanges. The Level 1 hierarchy may also include investments in funds that are priced by the underlying administrator where the Company considers it to be the most advantageous market and would enter into transactions based on those prices.

The investments classified as Level 2 are investments in funds that are actively traded and priced less frequently than monthly but not greater than quarterly for which fair values are obtained from the underlying administrator or fund manager.

The investments classified as Level 3 are investments that are illiquid investments and investments that are traded but priced less frequently than quarterly.

The following table presents the Cell's financial assets and financial liabilities measured at fair value by level within the valuation hierarchy as of 30 June 2020 and 30 June 2019.

	Level 1	Level 2	Level 3	Total
	GBP	GBP	GBP	GBP
30 June 2020				
Assets				
Financial assets at fair value through profit or loss				
Government Bonds	1,424,098	-	-	1,424,098
Equities	258,088	-	-	258,088
Collective Investment Schemes	7,147,237	-	-	7,147,237
Investment Trusts	416,114	-	-	416,114
Total assets	9,245,537	-	-	9,245,537
Liabilities				
Fair value of derivative financial instruments	-	16,521	-	16,521
Total liabilities	-	16,521	-	16,521
30 June 2019				
Assets				
Fair value of derivative financial instruments	-	3,269	-	3,269
Financial assets at fair value through profit or loss				
Government Bonds	1,592,749	-	-	1,592,749
Equities	454,670	-	-	454,670
Collective Investment Schemes	7,572,479	-	-	7,572,479
Investment Trusts	217,701	-	-	217,701
Total assets	9,837,599	3,269	-	9,840,868
Liabilities				
Fair value of derivative financial instruments	-	-	-	-
Total liabilities	-	-	-	-

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

7. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following balances with original maturity of less than 90 days:

	2020	2019
	GBP	GBP
Cash at bank	444,171	-
Bank overdraft	-	(53,269)
	444,171	(53,269)

8. Fair value of derivative financial instruments

Forward foreign exchange contracts designated as at fair value through profit or loss:

30 June 2020	Amount	Maturity Date	Contracted rate	Closing rate	Contract value	Market value	Financial liabilities
	CCY				GBP	GBP	GBP
Outstanding contract to sell USD	USD (1,245,000)	15/07/2020	1.247004	1.235600	(998,393)	(1,007,608)	(9,215)
Outstanding contract to sell EUR	EUR (210,000)	15/07/2020	1.143904	1.100120	(183,582)	(190,888)	(7,306)
							(16,521)

30 June 2019	Amount	Maturity Date	Contracted rate	Closing rate	Contract value	Market value	Financial assets
	CCY				GBP	GBP	GBP
Outstanding contract to sell USD	USD (988,000)	21/08/2019	1.267364	1.272700	(779,571)	(776,302)	3,269
							3,269

There were no open spot foreign currency contracts at 30 June 2020.

In accordance with the Cell's investment objectives the Cell may enter into forward foreign exchange contracts to hedge foreign currency movements it may be exposed to through its investment portfolio. As there is no assurance that these hedges will be effective in achieving the offsetting of changes in cash flows attributable to currency risk on these investments it is the policy of the Cell not to apply hedge accounting.

9. Other receivables

	2020	2019
	GBP	GBP
Management shares receivable	2	2
Prepayments	319	314
	321	316

10. Other payables

	2020	2019
	GBP	GBP
Management fee payable	2,464	2,271
Management fee rebate payable	395	-
Custodian fee payable	437	384
Investment management fee payable	3,380	3,169
Audit fee payable	6,516	6,288
Accrued general expenses	2,311	2,594
	15,503	14,706

11. Share Capital

The Cell has an authorised share capital of 100 Management Shares of GBP1.00 each and an unlimited number of no par value participating redeemable shares.

Management Shares in Issue	30.06.20	30.06.19
	GBP	GBP
Management Shares	2	2

Participating Redeemable Shares in Issue

Class A	Year ended	Year ended
	30.06.20	30.06.19
Balance at the beginning of the year	5,479,067	5,734,610
Issue of participating redeemable shares	465,467	411,991
Redemption of participating redeemable shares	(114,434)	(667,534)
Balance at the end of the year	5,830,100	5,479,067

Participating Redeemable Shares in Issue

Class B	Year ended	Year ended
	30.06.20	30.06.19
Balance at the beginning of the year	139,108	389,031
Issue of participating redeemable shares	-	6,109
Redemption of participating redeemable shares	(126,571)	(256,032)
Balance at the end of the year	12,537	139,108

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

11. Share Capital (continued)

	Year ended 30.06.20	Year ended 30.06.19
	<u>GBP</u>	<u>GBP</u>
Participating Redeemable Share Capital Account		
Balance at the beginning of the year	5,084,180	5,932,513
Issue of participating redeemable shares	775,588	722,852
Redemption of participating redeemable shares	(413,362)	(1,571,185)
Balance at the end of the year	5,446,406	5,084,180

12. Net asset value per participating redeemable share

	NAV per share	Net assets attributable	Shares in issue	NAV per share	Net assets attributable	Shares in issue
As at 30 June	30.06.20	30.06.20	30.06.20	30.06.19	30.06.19	30.06.19
	<u>GBP</u>	<u>GBP</u>		<u>GBP</u>	<u>GBP</u>	
Class A	1.65	9,642,673	5,830,100	1.77	9,725,310	5,479,067
Class B	1.57	19,701	12,537	1.70	236,356	139,108
Total		9,662,374	5,842,637		9,961,666	5,618,175

13. Dividends payable to participating redeemable shareholders

No dividends were paid during the year (2019: Nil) and the Board does not intend to pay any dividends. All available income will be reinvested.

14. Related-party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

14.1 Management and Administration fee

The Cell is managed by Momentum Wealth International Limited (the "Manager"), a management company incorporated in Guernsey, providing management services to the Cell under the terms of the management agreement in place.

The Manager is entitled to receive a Management and Administration Fee from each Cell, chargeable on a sliding scale, payable monthly in arrears, based on the current valuation and is subject to a minimum annual fee of USD22,000 or currency equivalent.

% Fee of NAV per annum

	<u>Cell NAV</u>
0.30%	Up to GBP20m
0.25%	From GBP20m to GBP40m
0.20%	Above GBP40m

Management and Administration fee charged during the year and accrued at year end:

	2020	2019
	<u>GBP</u>	<u>GBP</u>
Charged during the year	29,363	30,479
Accrued at year end	2,464	2,271

Management Fee rebate received during the year and accrued at year end:

	2020	2019
	<u>GBP</u>	<u>GBP</u>
Received during the year	-	20
Payable at year end	395	-

14.2 Investment Management fee

The Manager has appointed an Investment Manager, Momentum Global Investment Management Limited, a UK registered company, to manage the investment portfolio of the Cell. The Investment Manager is entitled to receive a fee of 0.40% of the NAV per annum in respect of the Class A shares and 1.15% of the NAV per annum in respect of the Class B shares (the "Investment Management fee"). The Investment Management fee will accrue as at each Valuation Point, based on the current valuation of the Cell and share classes and is payable monthly in arrears.

Investment Management fee charged during the year and accrued at year end :

	2020	2019
	<u>GBP</u>	<u>GBP</u>
Charged during the year	39,621	44,955
Accrued at year end	3,380	3,169

14.3 Custodian fee

Northern Trust (Guernsey) Limited (the "Custodian") provides custodian services. The Custodian is entitled to receive a fee chargeable on a sliding scale in respect of all Share Classes, as follows, subject to a minimum of GBP5,000 per annum.

% Fee of NAV per annum

	<u>Cell NAV</u>
0.05%	Up to GBP20m
0.04%	From GBP20m to GBP40m
0.03%	From GBP40m to GBP70m
0.02%	Above GBP70m

Momentum Sterling Balanced Fund IC Limited

Annual Report and Audited Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

14. Related-party transactions (continued)

14.3 Custodian fee (continued)

Custodian fee charged during the year and accrued at year end:

	2020	2019
	<u>GBP</u>	<u>GBP</u>
Charged during the year	6,103	6,049
Accrued at year end	<u>437</u>	<u>384</u>

14.4 Distribution Partner fee

The Cell has appointed Momentum Wealth International Limited as Distribution Partner to promote and market the Cell. The Distribution Partner will not be paid a fee.

14.5 Board of Directors' remuneration

The Directors' fees in respect of the Cell shall not exceed USD20,000 or currency equivalent in any twelve month period. In addition, the Directors shall be entitled to be repaid for all reasonable out of pocket expenses properly incurred by them in the performance of their duties to the Cell. Such fees and expenses shall be paid out of the assets of the Cell alone and not from the cellular assets of other Cells of the Company or assets of the Company itself.

The Directors waived their right to a fee in 2020 (2019: Nil).

15. Ultimate controlling party

In the opinion of the Directors, on the basis of the shareholdings advised to them, the Cell has no ultimate controlling party.

16. Reconciliation of published valuation to Financial Statements

	2020	2019
	<u>USD</u>	<u>USD</u>
Net assets per Financial Statements	9,662,374	9,961,666
Adjustments:		
Adjustment in value of assets at financial assets at fair value through profit and loss	(12,701)	(12,087)
Adjustment in value of derivative financial instruments	41	1,687
Adjustments to cash and cash equivalents	(1,399)	6
Net assets per published valuation	<u>9,648,315</u>	<u>9,951,272</u>
NAV per Class A share per published valuation	1.65	1.77
NAV per Class B share per published valuation	<u>1.57</u>	<u>1.70</u>
NAV per Class A share per Financial Statements	1.65	1.77
NAV per Class B share per Financial Statements	<u>1.57</u>	<u>1.70</u>

17. Subsequent events

These Financial Statements were approved for issuance by the Board on 18 December 2020. Subsequent events have been evaluated until this date.

No other significant subsequent events have occurred in respect of the Cell that are considered material to the understanding of these audited financial statements.