



# International Portfolio - Quarterly

## Investment Objective

This is a high conviction international portfolio focused on maximising risk adjusted returns to the investors over the medium to long-term by investing in global listed equities. The returns of this portfolio are based on the ability of world equity markets indices to deliver returns in excess of inflation and the ability of the portfolio manager and our research team to identify and take positions in undervalued securities.

## Investment Profile

- Investors who have a longer investment term and want the highest possible risk-adjusted return on their invested capital.
- Value-based investors with high risk tolerance.
- Investors who understand that there are investment cycles that cause share prices to fluctuate.

June 2018

Risk profile



Investment information

**Inception date**

1 June 2016

**Investment manager**

Momentum Securities

**Stockbroker/custodian**

Momentum Securities

**Management fee**

Max 1.25% (annual)

**Minimum lump sum**

\$80 000

**Redemption periods**

3 business days

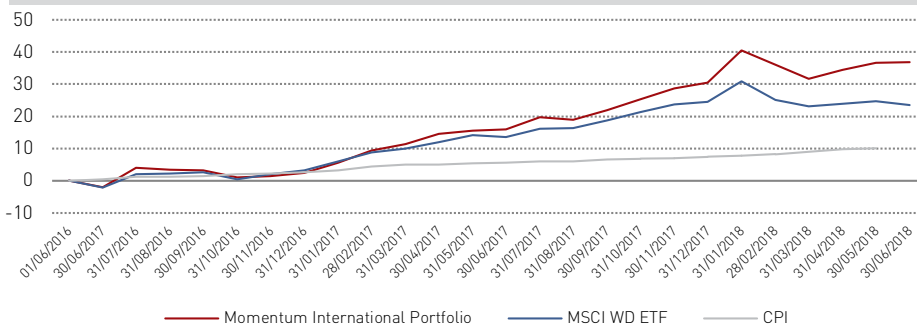
**Benchmark**

MSCI World ETF

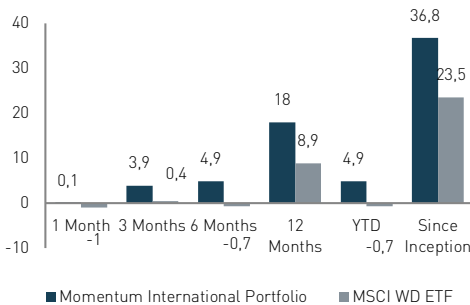
Disclaimer: Shares are generally medium- to long-term investments. The value of shares may go down as well as up and past performance is not necessarily a guide to the future.

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## Cumulative Performance



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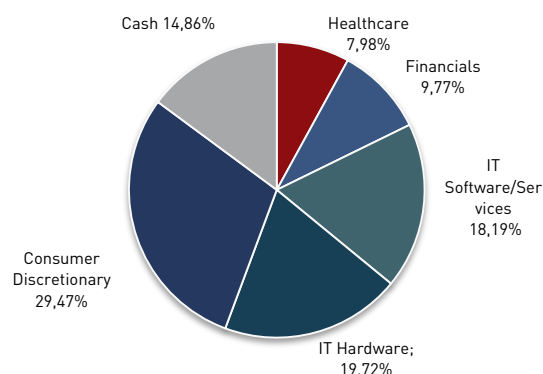
## Cumulative Performance

	Portfolio	Benchmark
1 Month	0,1%	-1,0%
3 Months	3,9%	0,4%
6 Months	4,9%	-0,7%
12 Months	18,0%	8,9%
YTD	4,9%	-0,7%
Since Inception	36,8%	23,5%

## Top 5 Holdings

Microsoft (MSFT)	6,21%
Amazon (AMZN)	5,59%
Alphabet (GOOG)	5,53%
Mastercard (MA)	5,47%
Home Depot (HD)	5,40%
<b>TOTAL</b>	<b>28,20%</b>

## Sector Allocation



## Economic overview

The US economy is forecast to expand at a faster pace this year than last, while the global economy should grow at the same steady pace as it did last year. Headwinds are however now appearing, with rising inflation and short-term interest rates, contracting money supply and less buying support from Central Banks for financial markets.

Rising interest rates, a strong US dollar, global political uncertainty (Turkey and Italy) and trade wars have negatively impacted investor sentiment this year. These factors, in the first half of 2018, have made conditions difficult for Emerging Markets, which have lost about 8% (in USD). Over the next 24 months, global interest rates are forecast to rise and together with tightening money supply, will continue to impact the global economy and investor confidence negatively. Going

forward these factors are likely to be headwinds to global financial markets' performance.

In South Africa the positive sentiment following the outcome from the December ANC elective conference has started to wain as there has been little follow through from economic growth. Recently the Rand has weakened and financial markets have been volatile, in line with other Emerging Markets. Going forward SA economic growth is likely to be sluggish and only start to improve next year. Equity markets are looking fully valued given where we are in the earnings cycle, and we remain cautious given the lower than average projected returns.

## Market Overview

Over the last 12 months, ended 30 June 2018, we saw the following performance in the SA financial markets: the Rand was 5% weaker relative to the US dollar, the Top 40 index's total return was 16.90%, the All Bond Index returned 10.19% and cash returned 7.33%.

Over the last year, the best performing major equity sector was the Resources sector up 44.56% (mainly driven by strong performances from Sasol and the large cap diversified

miners, Anglo American and BHP Billiton); the Financials sector was up 16.81% and the Industrial sector was up 8.95%.

Over the last 3 months, ended 30 June 2018, we saw the following performance in the in world markets. The S&P500 increased 2.93%, the UK FTSE100 increased 8.22%, the Euro Stoxx50 was up 1.01% and the Nikkei 225 increased 3.96%.

## Portfolio Activity

During the quarter we moved out of CVS and reduced our holding in Facebook, we maintain a high cash dollar position in line with our cautious view on market valuation, giving us the ability to take up any opportunities we see.

The portfolio increased 3.9% for the quarter with the last month showing a flat performance, performance was solid

considering the tough conditions with our bench market up 0.4% and down -1.0% for the quarter and month respectively.

For the past 12 months the portfolio has increased 18.0% with the MSCI World ETF up 8.9%.