



# International Portfolio - Quarterly

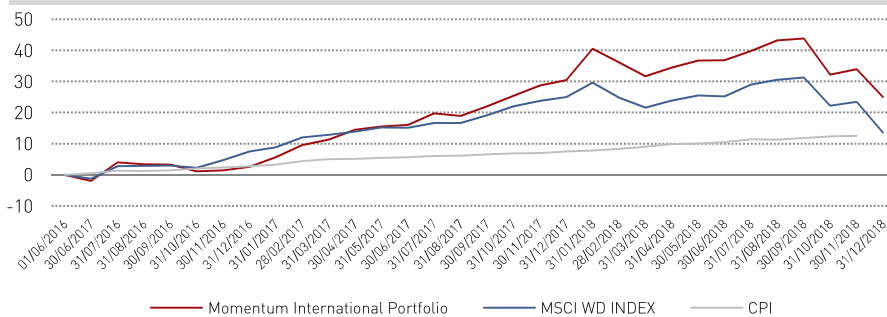
## Investment Objective

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.

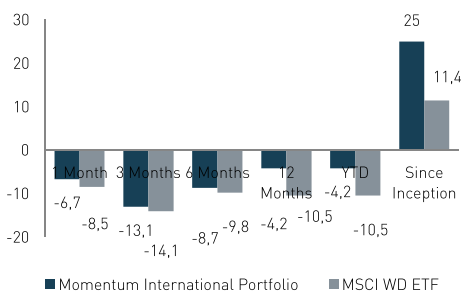
## Investment Profile

- 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.

### Cumulative Performance



### Cumulative Performance



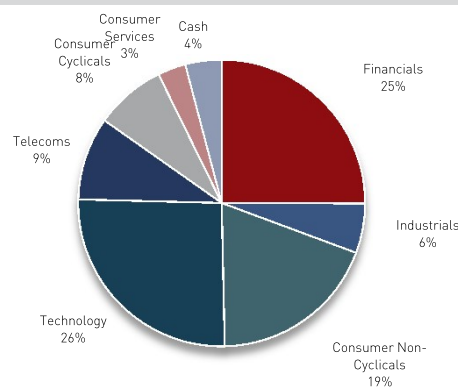
### Cumulative Performance

	Portfolio	Benchmark
1 Month	-6,7%	-8,0%
3 Months	-13,1%	-13,5%
6 Months	-8,7%	-9,3%
12 Months	-4,2%	-9,1%
YTD	-4,2%	-9,1%
Since Inception	25,0%	13,6%

### Top 5 Holdings

Microsoft (MSFT)	7,01%
Nestle (NESN-SWX)	5,58%
Alphabet (GOOGL)	5,60%
Amazon (AMZN)	5,41%
Comcast (CMCSA)	5,34%
TOTAL	28,94%

### Sector Allocation



## December 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 Index

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.

Opinions expressed in this document are those held as at the date appearing in this material only. Momentum Securities shall not be liable or responsible for any use of this document or to any other person or entity for any inaccuracy of information contained in this document or any errors or omissions in its content, regardless of the cause of such inaccuracy, error or omission. This document should not be seen as an offer to purchase any specific product and should not be construed as advice or guidance in any form whatsoever.

## Economic overview

In 2019, the tailwinds of low interest rates and tax cuts will no longer assist the US economy and US company earnings. We are now in the late-cycle growth period in the US economy, and growth is also shifting down a gear in both Europe and China.

Higher US interest rates and slower earnings growth will act as headwinds to the US economy and financial markets.

Political uncertainty in Europe, the overhang of a trade war between China and the US and the current US government shutdown have negatively impacted global investor sentiment. This has seen a sharp decline in developed markets in the last quarter of 2018. While global equity markets are oversold in the short-term and likely to rebound from their current

oversold condition, slower global growth is likely to remain a headwind to their returns in 2019. Commodity prices are also expected to come under some pressure as global growth slows.

In South Africa, in 2018, we saw a weaker rand, higher interest rates and heightened political uncertainty which translated into weak investor sentiment and a weaker SA equity market. In 2019 SA economic growth is forecast to improve, and with the completion of the election in the first half of the year, should see an improvement in political sentiment. These factors, together with improved SA equity valuations should see domestic SA stocks' performance improve in 2019.

## Market Overview

Over the last 12 months, ended 31 December 2018, we saw the following performance in the SA financial markets: the rand was 16% weaker relative to the US dollar, the Top 40 index's total return was -8.31%, the All Bond index returned 7.74% and cash returned 7.29%.

Over the last year, the best performing major equity sector was the Resources sector up 17.77%; the Financials sector was down -4.09% and the Industrial sector was down 17.87%.

Over the last 3 months, ended 31 December 2018, we saw the following performance in the world markets. The S&P500 decreased 13.97%, the UK FTSE100 decreased 10.41%, the Euro Stoxx50 was down 11.47% and the Nikkei 225 decreased 17.02%.

## Portfolio Activity

During the quarter we removed Celgene and introduced exposure to Boeing, AIA and T-Mobile in line with our view to increase exposure to industrials with solid order books. We decreased our cash position substantially with the market pull back as stock presented good entry points.

The portfolio decreased 13.1% for the quarter with the last month posting big losses of 6.7% with our benchmark down 14.1% and down 8.5% for the quarter and month respectively. For the past 12 months the portfolio has decreased 4.2% with the MSCI World ETF down 10.5%.