



# Momentum International Equity Note (UMMIEA) - Quarterly

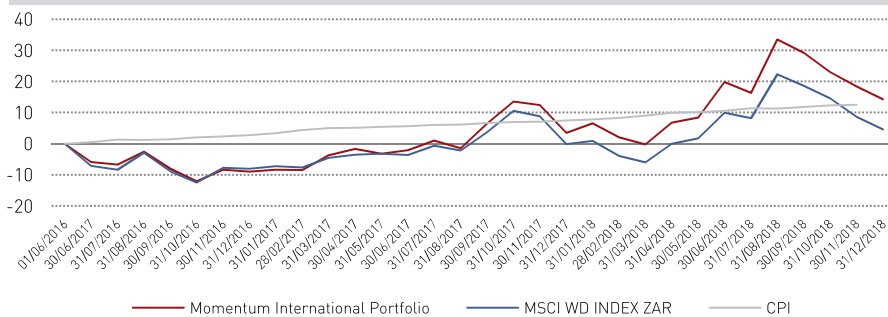
## Investment Objective

The exchange traded note (ETN) invests in Momentum Securities' International Equity Portfolio. This portfolio has a global focus determined to maximise risk adjusted returns to investors over the medium to long-term by investing in concentrated listed equity positions. The returns of this portfolio are reliant on the ability of our portfolio management team to identify and take positions in both undervalued and growth orientated shares in a consistent manner that will in time deliver returns in excess of the portfolio benchmark.

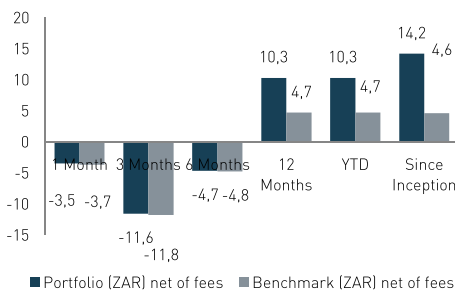
## Investment Profile

- Investors with local JSE trading accounts looking for easy to access global equity exposure.
- Investors with ZAR portfolios that want access to the Momentum Securities investment capabilities directly from their existing stockbroking account.
- Investors looking to allocate a portion of their portfolio to an actively managed global equity allocation in ZAR via the JSE (Ticker UMMIEA).

### Cumulative Performance (USD)



### Cumulative Performance (ZAR)



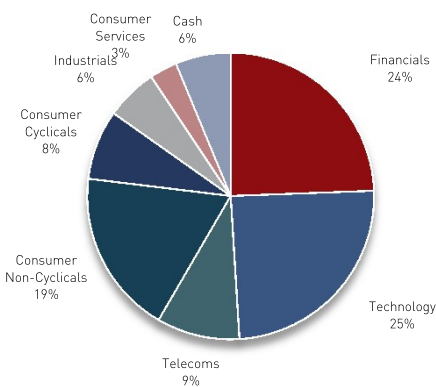
### Cumulative Performance (ZAR)

	Portfolio	Benchmark
1 Month	-3,5%	-3,7%
3 Months	-11,6%	-11,8%
6 Months	-4,7%	-4,8%
12 Months	10,3%	4,7%
YTD	10,3%	4,7%
Since Inception	14,2%	4,6%

### Top 5 Holdings

Mastercard (MA.N)	7,03%
Microsoft (MSFT-US)	6,20%
Nestle (NESN-SWX)	5,54%
Comcast (CMCSA-US)	5,40%
Home Depot (HD-US)	4,91%
<b>TOTAL</b>	<b>29,08%</b>

### Sector Allocation



\* The Momentum Securities International Equity ETN references the portfolio holdings of the Momentum International Equity Portfolio that was launched in June 2016. Official ETN listing date 20 August 2018.

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Momentum Securities a subsidiary of MMI Group Limited, an authorised financial services and credit provider.  
Reg.No.1974/000041/07 | Momentum Securities is a member of the JSE Ltd (FSP 29547) (NRCP 2518)

## December 2018

### Risk profile



## Investment information

### Inception date

1 June 2016

### Investment manager

Momentum Securities

### Stockbroker/custodian

Your selected stockbroker

### Management fee

Momentum Securities 0.75% (annual)  
UBS ETN Issuance & Administration 0.50% (annual)  
Total Fee 1.25% VAT inclusive (annual)

### Minimum lump sum

R 5 000

### Redemption periods

3 business days

### Benchmark

MSCI World Index (ZAR)

### Issuer Details

UBS AG  
Credit rating by S&P A+  
Moody's AA3

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. The Momentum Securities International Equity Exchange Traded Note constitutes unconditional, unsecured and unsubordinated obligations of UBS AG and is listed on the JSE Limited.

## 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 Note decreased 11.6% for the quarter with the last month posting a loss of 3.5% with our benchmark down 11.6% and down 3.2% for the quarter and month respectively. For the past 12 months the Note has increased 10.3% with the MSCI World ETF in rands up 4.8%.