

# 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).

June 2019

## 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

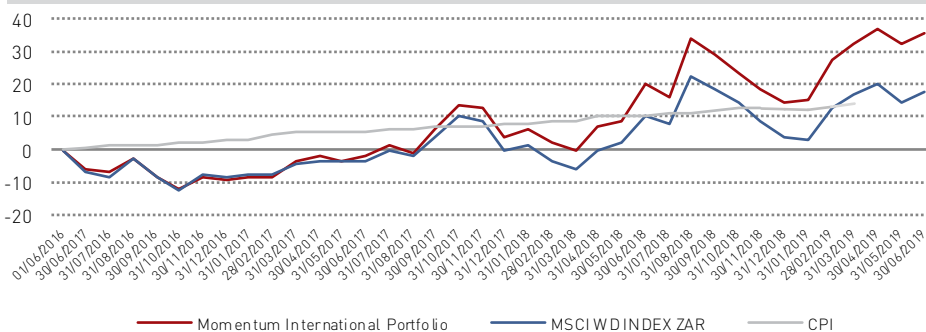
UBS AG  
Credit rating by S&P A+  
Moody's AA3

## Portfolio Managers:

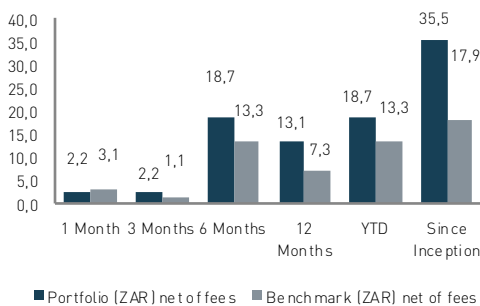
Francois Strydom, CFA  
Alexander Sprules, CFA

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## Cumulative Performance (ZAR)



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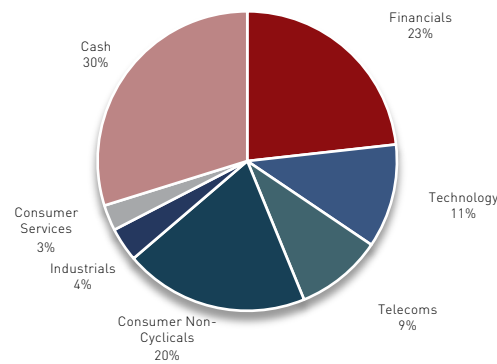
## Cumulative Performance (ZAR)

	Portfolio	Benchmark
1 Months	2,2%	3,1%
3 Months	2,2%	1,1%
6 Months	18,7%	13,3%
12 Months	13,1%	7,3%
YTD	18,7%	13,3%
Since Inception	35,5%	17,9%

## Top 5 Holdings

Nestle SA (NESN)	5,93%
Anheuser-Busch (BUD)	5,92%
Mastercard (MA)	5,59%
Comcast Corp (CMCSA)	5,51%
Hong Kong Clearing and Exchange [388]	4,63%
<b>TOTAL</b>	<b>27,58%</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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## Economic Overview

The US FED reversed their December rising interest rate view in January 2019, and are now talking about a cut in the Fed Funds rate. US manufacturing is slowing and US economic growth is expected to follow suit. Global growth is also slowing, and is yet to feel the full impact of higher trade tariffs. There are also a number of macro and geopolitical headwinds that will also impact global economic growth. Yet the equity markets have risen sharply without waiting to see what the overall impact of these factors will be on the global economy and markets.

We are now in the late-cycle growth period in the US economy, and growth has shifted down a gear in both Europe and China. In addition, to the above, we see downward revisions to US company earnings in 2019, which may turn out to be negative this year.

Chinese economic growth is slowing and believed to be growing at below the official figures. With Eurozone growth

slowing and negative interest rates we see a stronger US dollar. Commodity prices are also expected to remain under some pressure as global growth slows and the US dollar strengthens. The oil price seems to be the exception, with geopolitical issues and oil supply cuts from OPEC underpinning the USD oil price.

We expect the South Africa rand to consolidate and range trade this year. SA economic growth remains under pressure, in line with the South African consumer who has seen disposable income deteriorating over the last year.

Post the May SA election we have seen a marginal improvement in investor sentiment towards South Africa, with stocks only rallying in line with global stocks on the US Fed's decision to move to cutting US interest rates.

## Market Overview

Over the last quarter, ended 30 June 2019, we saw the following performance in the SA financial markets: the rand strengthened 2,8% relative to the US dollar, the Top 40 index's total return was up 3,8% and the All Bond index returned 1,5%

Over the last quarter we saw the following performances out of world markets, The S&P 500 posted a gain of 3,8%, the Nasdaq 3,6%, and the Euro Stoxx 50 3,6%. The MSCI Japan posted a loss of 1,8% and Emerging Markets a loss of 0,3%.

## Portfolio Activity

During the first quarter we sold out of Bank of America which we replaced with Citi Group. The portfolio increased by 2,2% in rands for the quarter with the last month of the quarter posting a 2,2% gain.

Positive contributions were attributable to Microsoft, Mastercard, T-Mobile and Visa. For the past 12 months the portfolio has increased 13,1% with the MSCI World WD ETF index posting a 7,3% gain in rands.