



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).

September 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)

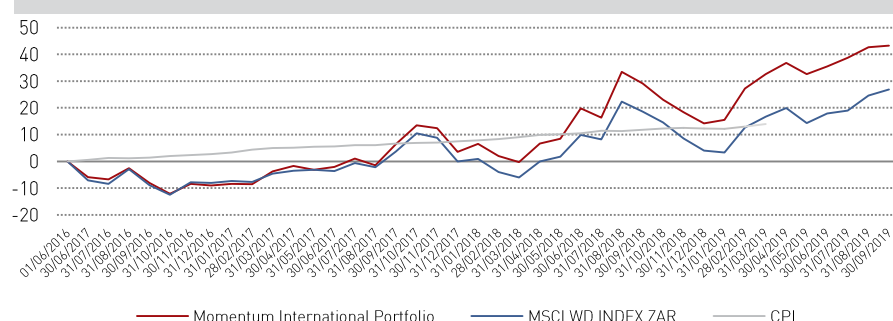
Issuer Details

UBS AG
Credit rating by S&P A+
Moody's A A3

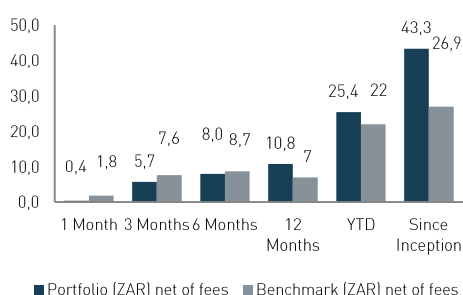
Portfolio Managers:

Francois Strydom, CFA
Alexander Sprules, CFA

Cumulative Performance (ZAR)



Cumulative Performance (ZAR)



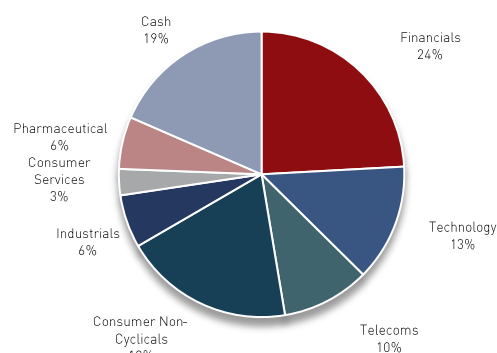
Cumulative Performance (ZAR)

	Portfolio	Benchmark
1 Months	0,4%	1,8%
3 Months	5,7%	7,6%
6 Months	8,0%	8,7%
12 Months	10,8%	7,0%
YTD	25,4%	22,0%
Since Inception	43,3%	26,9%

Top 5 Holdings

Comcast Corp (CMCSA)	5,94%
Mastercard (MA)	5,82%
Johnson & Johnson (JNJ)	5,05%
Amazon (AMZN)	4,25%
T-Mobile (TMUS)	4,12%
TOTAL	25,18%

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

Industrial production in developed economies and in China continues to slow as global economic growth and trade slow. This slowdown is most likely to feed through to the remaining half a dozen or so emerging market economies, that are still showing some signs of expansion in their industrial production. The US FED has continued to lower the Fed Funds Rate amid rising disagreement amongst FOMC (Federal Open Market Committee) members as to whether they should be lowering US short-term interest rates at all.

Geopolitical headwinds continue to impact global economic growth. We are also now seeing global equity markets returns stagnate and weaken as they digest these global economic uncertainties. Declining manufacturing indicators point to lower growth and inflation, which is positive for bonds and

negative for equities. Further pressure on US equity returns will also come from downward revisions to US company earnings.

In the next year, we expect to see a slowdown in Chinese economic growth, and in Eurozone economic growth. Commodity prices are also expected to remain under some pressure as global growth slows and as the US dollar strengthens as a result of US dollar liquidity issues.

We expect the rand to consolidate and range trade over the next year. SA economic growth will remain under pressure, in line with weak South African consumer sentiment and weak disposable income growth. All-in-all this is an environment where risk asset returns will be subpar.

Market Overview

Over the third quarter, ended 30 September 2019, we saw the following performance in the SA financial markets: the rand depreciated by 6.90% relative to the US dollar, the MSCI SA index's total was down 5.80%, the All Bond index returned 0.78% and cash returned 1.83%.

The best performing sub-sector over the quarter was Platinum Mining, up 25.79%. The structural supply deficit of Palladium globally has supported the price for the metal. The

worst performing sub-sectors were Chemicals and Fixed Line Telecoms (Telkom), down -25.63% and -23.43% respectively. Chemical prices have been under pressure due to weak demand as global growth is slowing.

Over the quarter the Resources index was down -6.40%; the Financials sector was down 6.80%; the Industrial sector down -2.50%; and the listed property sector was down -4.44%.

Portfolio Activity

During the third quarter we introduced Bristol Myers and Merck & Co. to the portfolio and sold out of Berkshire Hathaway. The portfolio increased by 5.7% for the quarter with the last month of the quarter posting a 0.4% gain.

Positive contributions were attributable to Raytheon, Alphabet Comcast and T-Mobile. Losses were attributable to AIA Group, Hong Kong Exchange & Clearing, Cisco and Amazon. For the past 12 months the portfolio has increased 10.8% with the MSCIWD ETF index posting a 7% gain.