



March 2020

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

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Momentum International Equity Note (UMMIEA) - Quarterly

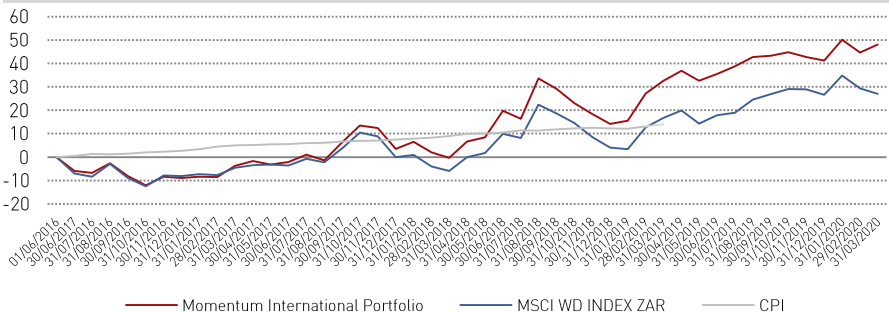
Investment Objective

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.

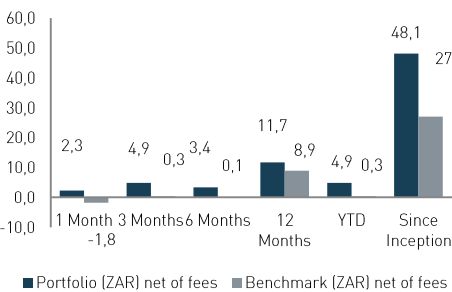
Investment Profile

- 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 (ZAR)



Cumulative Performance (ZAR)



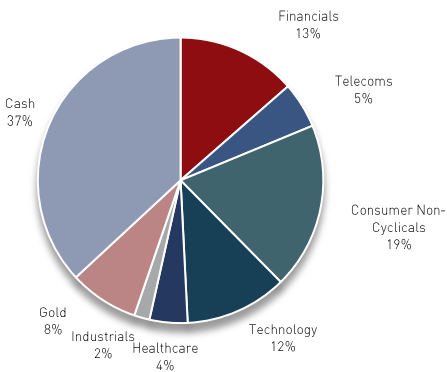
Cumulative Performance (ZAR)

	Portfolio	Benchmark
1 Months	2,3%	-1,8%
3 Months	4,9%	0,3%
6 Months	3,4%	0,1%
12 Months	11,7%	8,9%
YTD	4,9%	0,3%
Since Inception	48,1%	27,0%

Top 5 Holdings

SPDR Gold shares (GLD)	7,85%
Johnson & Johnson (JNJ)	5,87%
Nestle (NESN)	5,80%
Comcast Corp (CMCSA)	5,20%
Hong Kong Exchange & Clearing (388)	4,67%
TOTAL	29,39%

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

At the end of 2019, after a protracted period of expansion, global economic growth was showing signs that it was slowing. We were concerned that with high levels of debt and slowing economic growth some parts of the global economy would have difficulty in repaying their debts. The current lockdowns that have been necessary as a result of the Covid-19 pandemic, have now shut down many sectors within the global economy. These lockdowns have cut off companies' revenues, cash flows and resulted in retrenchments, which will see a global recession in 2020. This has resulted in a sharp fall in financial markets, commodities and in emerging market currencies.

Central banks and governments have acted aggressively to support financial markets with liquidity (cash added to the banking system). The net result of this added liquidity has been improved investor confidence and a strong bounce in global equity markets.

Market Overview

Over the first quarter 2020, developed equity markets returned -21.4% while emerging equity markets returned -23.80%. Trade tensions took the back seat as the outbreak of Covid-19 globally triggered the sharpest sell off in risk assets seen in decades. A spectacular unwind of the global short volatility position exacerbated the increase in global volatility as the VIX Index shot up from a multi-year average of below 15 to a new peak of 82 during March 2020.

On the currency front, we have seen the USD remain extremely strong compared to most other currencies, despite the Federal Reserve Bank's efforts to flood the market with fresh USD liquidity. The resilient USD, despite FED easing, highlights the shortage of USDs in the global financial system.

Over the first quarter, ending 31 March 2020, we saw the following performance in the SA financial markets: the rand depreciated by 27.50% relative to the US dollar, the All Share

Companies who have high debt levels and who have been shut down will in many cases face markedly slower growth and possibly bankruptcy. We will also see further downward revisions to economic growth and cuts to companies' earnings forecasts.

Currently, following the Central Banks provision of liquidity, investors have priced in a "V" shaped recovery. Given the lockdowns and their extensions, the problem we now face is that we will have solvency issues in sectors, in companies and with many consumers. These solvency issues are likely to have a greater impact than is currently priced into equity markets. We therefore remain very cautious and expect volatile financial markets in the short-term.

Index fell 23.90% while the All Bond Index returned -8.70% and cash returned 1.70%.

From a sector perspective we saw the Resources Index down 25.20%; the Financials Index was down 39.50%; the Industrial Index was down 8.40%; and the Listed Property Index down 50.50%.

The best performing SA equity sub-sectors over the quarter were technology (Naspers and Prosus) and Tobacco, up 11.90% and 2.30% respectively. The chemicals sector (mainly Sasol) was the worst performing sector over the quarter, down 81.70% as a result of the global oil price implosion caused by a global over supply. All interest rate sensitive sectors were obliterated as the Rand weakened and SA Government Bonds sold off; the Banking sub-sector ended the quarter 42.60% lower.

Portfolio Activity

During the first quarter we bought SPDR Gold, and we sold out of Anheuser-Busch, T Mobile and Boeing. The portfolio increased by 4.9% for the quarter with the last month of the quarter posting a 2.3% gain. Positive contributions were attributable to Amazon and T Mobile.

Losses were attributable to Anheuser-Busch, Boeing, Citigroup and Comcast. For the past 12 months the portfolio has increased 11.7%, with the MSCI WD ETF index posting a 8.9% gain.