

# Momentum International Equity Note (UMMIEA) - Quarterly

## Investment Objective

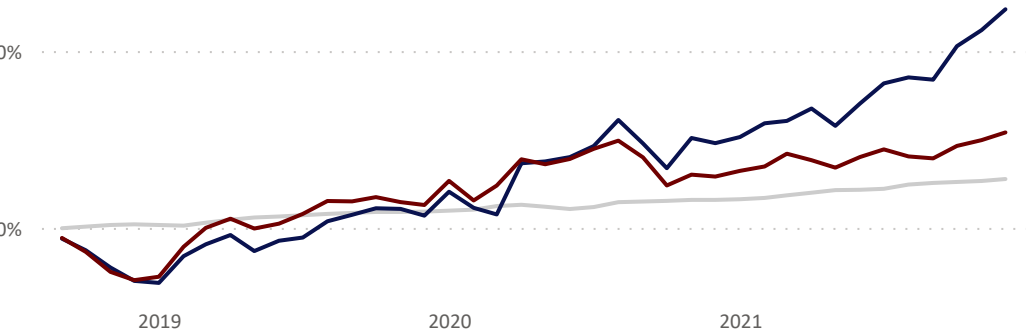
The exchange traded note (ETN) invests in Momentum Securities' International Equity Portfolio. This portfolio has a global focus determined to maximise risk adjusted returns to investors over the medium to long-term by investing in concentrated listed equity positions. The returns of this portfolio are 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)

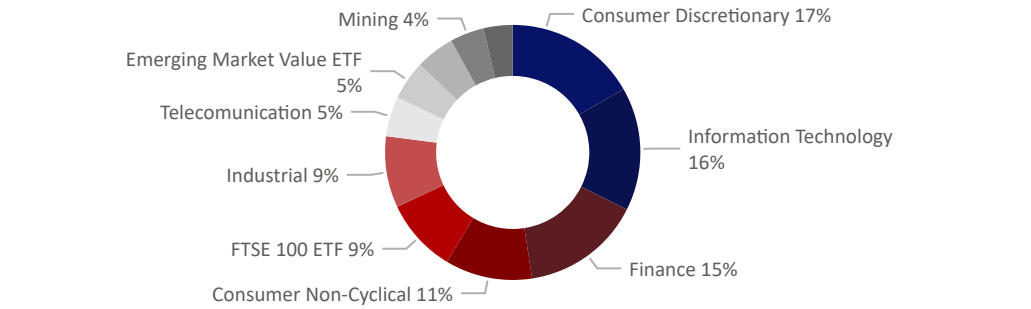
UMMIEA Portfolio ● CPI ● MSCI World Index (ZAR) ● UMMIEA



## Top 5 Holdings

Amazon.com Inc	Consumer Discretionary	5.46%
British American Tobacco PLC	Consumer Non-Cyclical	7.31%
iShares plc - iShares Core FTSE 100 UCITS ETF	FTSE 100 ETF	9.38%
Mastercard Inc	Finance	5.44%
Tencent Holdings Ltd	Information Technology	5.15%

## Sector Allocation



## Performance (ZAR)

Portfolio	3 Months	6 Months	12 Months	YTD	Since Inception
UMMIEA	6.1%	5.8%	10.9%	10.9%	7.4%
MSCI World Index (ZAR)	14.0%	19.7%	30.5%	30.5%	15.5%

Returns for periods longer than 12 months have been annualised.



December 2021

## Risk profile



## Investment information

- Inception date  
20 August 2018
- 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

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# Economic Overview

US inflation has been more persistent than expected, which will most likely see the US Fed raise rates earlier than originally forecast. At the end of 2021 US dollar liquidity was tight but is expected to improve as money that has been sterilized at the Fed comes back into the banking system (a function of US Money Market funds' actions). In Q2 2022 we are likely to see two forces at play one being a headwind of higher Fed Funds Rate and the other a tailwind of improved US dollar liquidity. Coal shortages are likely to keep energy (oil and gas) prices high for the duration of the Northern Hemisphere winter.

As this US dollar liquidity declines and rates rise in the second half of 2022, we are likely to see equity markets come under pressure. Chinese economic growth has weakened because of an over geared listed property sector which has been forced to reduced property investment. This has impacted demand for commodities and seen declines in their prices. We expect some stabilization in Chinese economic growth but expect growth to remain below trend.

# Market Overview

Global equity markets peaked in November before declining and then firming up in the latter part of December. In rand terms the Resource sector rebounded sharply, returning 22% for the quarter. Other returns for the quarter were Industrials +17%, Property +8% and Financials +2%.

In the fourth quarter of 2021, the MSCI world index was up 14%. For the year Property returned 37%, Resources 32% Financials 27% and Industrials 24%; the rand depreciated by 9% against the US dollar and the MSCI world index was up 31%.

# Portfolio Activity

During the fourth quarter we bought Tencent, Adidas, BATS, and Vertex. We sold out of KDDI Corp, Booking, JP Morgan and Novo Nordisk. The portfolio increased by 6.1% for the quarter with the last month of the quarter up 1.7%.

Positive contributions were attributable mainly to Broadcom, Impala Platinum, Vertex, Microsoft, and iShares FTSE 100 ETF. Losses were attributable to Citigroup, Comcast, Adidas, Alibaba Group, and Hello Fresh. For the past 12 months the portfolio has increased 10.9% with the benchmark, the MSCI World Index, up 30.5%.