

Momentum International Equity Note
(UMMIEA) - Quarterly

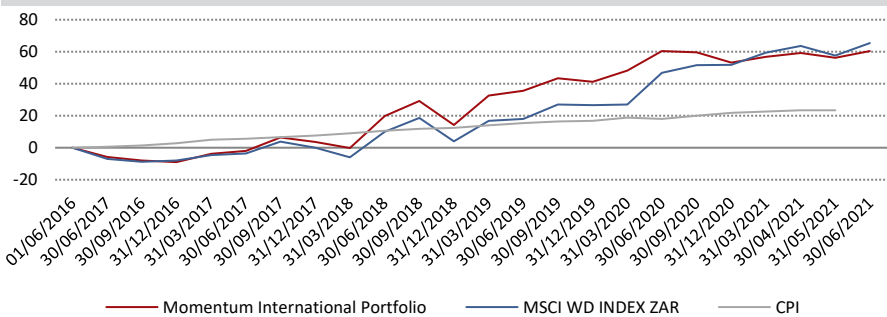
Investment Objective

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.

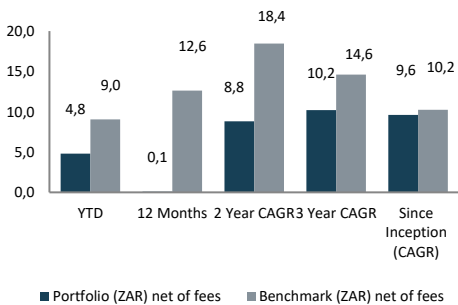
Investment Profile

- 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)



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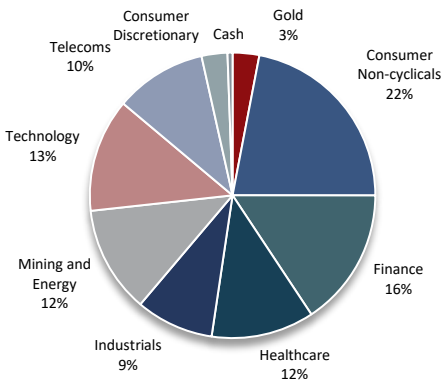
Table with 3 columns: Period, Portfolio, Benchmark. Rows include YTD, 12 Months, 2 Year CAGR, 3 Year CAGR, and Since Inception (CAGR).

Returns for periods longer than 12 months have been annualised.

Top 5 Holdings

Table with 2 columns: Holding Name, Percentage. Rows include Johnson & Johnson (JNJ), Comcast (CMCSA), Amazon (AMZN), Lockheed Martin (LMT), Nestle (NESN), and TOTAL.

Sector Allocation



June 2021

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

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Economic Overview

The developed markets have continued to provide its economies with liquidity (Dollars and Euros) in addition to keeping their interest rates low to support economic recoveries. As the US recovery has progressed and the economy unlocked, we have seen US consumer demand pick up and inflation increase. These loose monetary conditions have been favourable for financial markets, however, we are now seeing rising inflation which has raised concerns that the Fed will need to tighten monetary conditions next year.

In the short-term, the US' second quarter earnings reporting season will see a strong year on year bounce in US company earnings, which is likely to support the US equity market. US equity

valuations are however expensive and with tightening monetary conditions we expect one year returns to be below average.

The SA economy is likely to lag the global recovery due to a slower vaccine rollout and unlocking of the economy, however, the pace of economic growth in SA is expected to recover in 2021. Further out, the proposed US fiscal expenditure package will be positive for commodity demand. The expected deficit in Platinum Group Metals will be positive for South Africa's terms of trade and the Rand. We remain positive on SA equity.

Market Overview

The global cyclical recovery continued over the second quarter of 2021 as many developed markets started reopening post large-scale vaccine rollouts. Many emerging markets have since had to re-enter lockdowns as the Delta variant of Covid-19 proliferated. Peak economic data points, concerns around the sustainability of higher growth and inflation as well as short covering saw the US Government bonds rally around 20 basis points, and furthermore saw growth stocks outperforming cyclical recovery stocks.

During the second quarter, developed market equities returned 7.7% and emerging market equities returned 5%. SA equities ended the quarter flat as pressure on the commodity and technology sectors, down 10.9% and 15% respectively, were offset by the performance of the SA Property and Consumer Discretionary sectors, which were up 12.1% and 20.1% respectively. Over the past year, SA equity is up 37.7%, in Dollar terms, marginally outperforming Global Equity by 0.70%.

Over the past quarter oil and gas prices rose substantially, up 18.5% and 91.5% respectively, as OPEC+ could not agree on supply agreements. Platinum and Rhodium retraced 7.2% and 24% respectively due to lower demand from car production as global chip shortages resulted in halts to vehicle manufacturing. Over the next quarter we expect global car production to start normalising and we remain constructive on the outlook for Platinum Group Metals given deficits in these markets.

Over the second quarter SA Bonds returned 6.9% and SA cash returned 0.9%. The Rand has appreciated by 21.5% to the US Dollar over the past twelve months, making it one of the best performing currencies globally. The Rand is now close to fair value based on real effective exchange rate models.

Portfolio Activity

During the second quarter we bought Impala Platinum, Alibaba, Netflix and Volkswagen. We sold out of Nestle, Sibanye Stillwater, Roche Holdings and Biogen. We increased our exposure to Tencent and Ping An Insurance while reducing exposure to Mastercard and Gold.

The portfolio increased by 2,3% for the quarter with the last month of the quarter up 2,7%.

Positive contributions were attributable mainly to Novo Nordisk, Microsoft and Amazon. Losses were attributable mainly to Impala Platinum, Ping An Insurance and Tencent. For the past 12 months the portfolio has increased 0,1% with the MSCI World index (in ZAR) up 12,6%.