



# Momentum International Equity Note (UMMIEA) - Quarterly

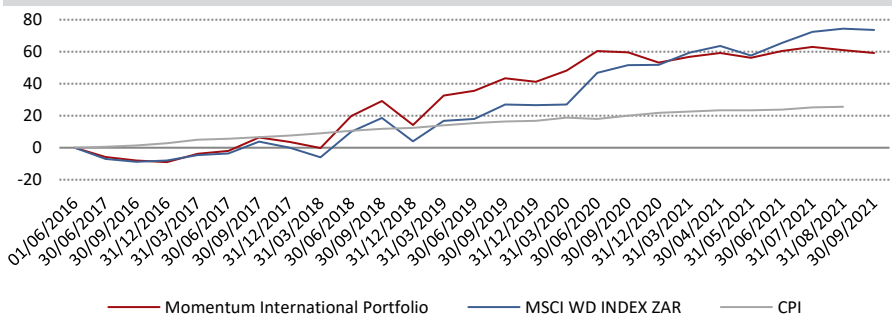
## Investment Objective

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)



### Performance (ZAR)

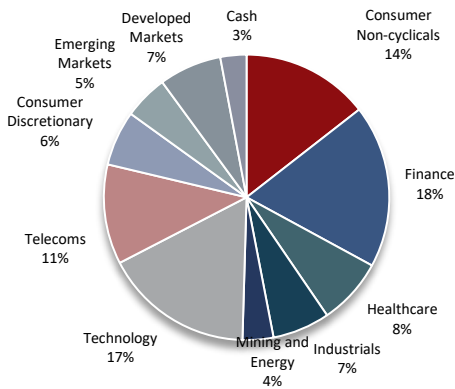
	3 Months	6 Months	YTD	12 Months	2 Year	Since Inception
Global ETN Portfolio	-0,8%	1,5%	3,9%	-0,3%	5,4%	8,9%
Benchmark	5,0%	9,0%	14,5%	14,6%	17,0%	10,7%

Returns for periods longer than 12 months have been annualised.

### Top 5 Holdings

iShares Core FTSE 100 ETF (ISF)	7,10%
Comcast (CMCSA)	5,66%
KDDI Corp (9433)	5,64%
Amazon (AMZN)	5,42%
Mastercard (MA)	5,29%
<b>TOTAL</b>	<b>29,11%</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.

## September 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

Although the recent pick-up in inflation has been seen, by many, as transitory the US Fed has turned more hawkish and has started indicating that they will reduce Quantitative Easing (QE). Low interest rates and liquidity (QE) has supported US financial markets. The US recovery has progressed as the economy unlocked and we have now seen US consumer demand pick up, product shortages and inflation increase.

As QE is reduced there will be less support for financial markets, and this together with high US equity valuations will be a headwind to US equity returns. We now expect one year US equity returns to be below average. We have also seen a slowdown in Chinese manufacturing which has weighed on industrial metal

prices. This will impact commodity producing economies growth.

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 improve in Q4 2021. In the short-term slower growth in China will impact the prices received for SA commodity exports, we however, remain positive on Platinum Group Metals given the projected future deficits. Overall we remain positive on SA equity on a valuation basis.

## Market Overview

The third quarter of 2021 saw global risk asset prices peaking and retreating sharply over the month of September. Inflation concerns which have been driven by supply chain bottlenecks coupled with wage and energy price increases, have caused concern around the implications for Central Bank stimulus and interest rates. The unfolding collapse of the largest property development company in China, Evergrande, has brought to the fore concerns around potential contagion effects in the Chinese and global financial system.

During the third quarter global equity markets retreated a modest -1% in USD, emerging market equities retreated -8% in USD and SA Equity -0.80% in ZAR. In the SA equity market, we saw small-cap and mid-cap equities rallying 11.7% and 7.2% respectively, outperforming large caps by a significant margin. The resources

sector in SA came under pressure over the quarter, retreating -3.6% having been impacted by the collapse of iron ore prices by over 50% during the quarter. The industrial sector also came under pressure as Naspers and Prosus retreated on the back of negative investor sentiment caused by a raft of regulation introduced in China which impacted the valuations of Tencent. Health care and telcos were the best performing sub-sectors over the quarter while precious metals and basic materials were the laggards.

SA Bonds returned a modest 0.40%, underperforming SA cash by 0.60%. The rand depreciated by -5.1% to the US dollar over the past quarter.

## Portfolio Activity

The portfolio decreased 0,8% for the quarter with the last month of the quarter down 1,2%. For the past 12 months the portfolio

decreased 0,3% with the MSCI World Index (ZAR) up 14,6%.