



# International Portfolio - Quarterly

## Investment Objective

This is a high conviction international portfolio focused on maximising risk adjusted returns to the investors over the medium to long-term by investing in global listed equities. The returns of this portfolio are based on the ability of world equity markets indices to deliver returns in excess of inflation and the ability of the portfolio manager and our research team to identify and take positions in undervalued securities.

## Investment Profile

- Investors who have a longer investment term and want the highest possible risk-adjusted return on their invested capital.
- Value-based investors with high risk tolerance.
- Investors who understand that there are investment cycles that cause share prices to fluctuate.

## March 2021

### Risk profile



### Investment information

Inception date  
1 June 2016

Investment manager  
Momentum Securities

Stockbroker/custodian  
Momentum Securities

Management fee  
Max 1.25% (annual)

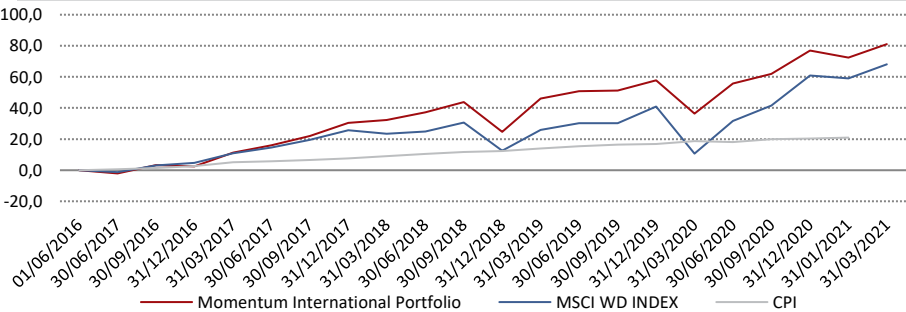
Minimum lump sum  
\$80 000

Redemption periods  
3 business days

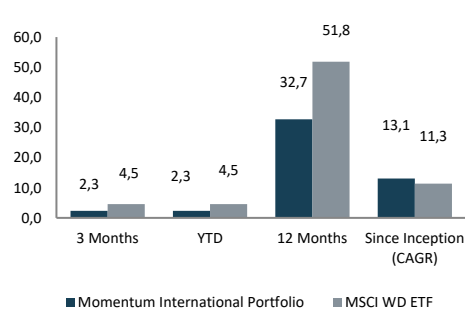
Benchmark  
MSCI World Index (USD)

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### Cumulative Performance (USD)



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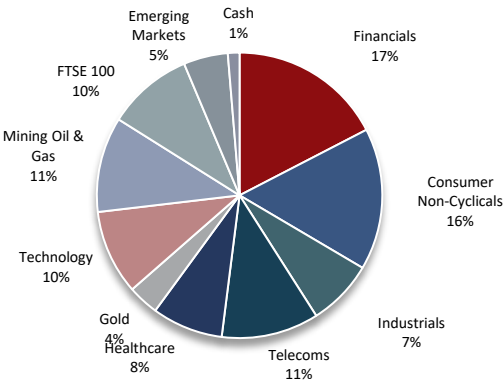
### Cumulative Performance (USD)

	Portfolio	Benchmark
3 Month	2,3%	4,5%
YTD	2,3%	4,5%
12 Months	32,7%	51,8%
Since Inception (CAGR)	13,1%	11,3%

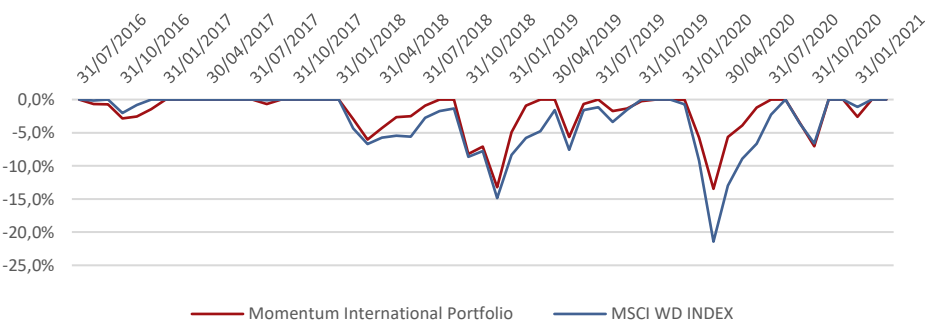
### Top 5 Holdings

iShares FTSE 100 (ISF)	9,73%
Sibanye Stillwater (SBSW)	6,69%
Mastercard (MA)	6,12%
Citigroup (C)	5,71%
Comcast (CMCSA)	5,67%
TOTAL	33,92%

### Sector Allocation



Drawdown



Glossary

**Max Drawdown** - Measures largest peak-to-trough decline before a new peak is achieved

## Economic Overview

Fiscal packages and low interest rates have continued to support global economies, which have rebounded strongly as these economies to various degrees have been unlocked. The unlocking process still has a lot further to run and is unlikely to be a smooth process. Easy financial conditions have continued to be a prop for equity markets; however, inflation concerns have risen on the back of cost base effects and improved demand. We are likely to see a pick-up in global consumer price inflation which we see as being transitory and related to the rebound in economies. Global economies still remain some way off their pre-pandemic levels of activity.

We expect the SA economy to lag the global recovery due to a slower vaccine rollout, although the pace of economic growth in SA is still expected to recover in 2021. The US fiscal expenditure package will be positive for both US and global economic growth as well as commodity prices, however, this expenditure is only likely to occur towards the end of the year.

Equity markets have continued to be pushed up to heady levels in the US and valuations are overextended. Stimulus packages and Central Bank actions may continue to support equity markets, but we feel that the US equity market is fully priced, and caution is now warranted.

## Market Overview

While the riskier asset classes enjoyed an improving growth picture during the first quarter of 2021, global bond markets showed concern over potentially tighter monetary policy. As a result, global bond returns (-5,8% in dollars) were particularly poor in the quarter, falling short of the positive dollar returns provided by SA equities (+12,3%), developed market (DM) equities (+5%) for emerging market (EM) equities (+2,3%).

During the quarter, South Africa (SA) and Europe were the best-performing EM and DM equity markets respectively, outperforming by significant margins. SA equities also provided the highest returns among the local asset classes in the first quarter of this year (+13,1% in rand terms), far outpacing returns from Listed Property (+6,4%), Inflation-Linked Bonds (+4,6%), Cash (0,9%) and particularly Nominal Bonds (-1,7%).

Within SA Equity, SA Resources returned +18.7% over the first quarter of 2021, SA Industrials +13% and SA Financials +3.80%. SA Small Caps outperformed the overall SA Equity market over this period, returning 21.20%.

On the commodity front, we have seen the Copper price improve by +13.10%, while Iron Ore price was up marginally, +1.50%. We expect base metal prices to peak and normalise over the next 6 months. Platinum Group Metals (PGM) prices have moved up sharply: Platinum +10.8%, Palladium +7.3% and Rhodium +70%. Gold was down 10%.

## Portfolio Activity

During the first quarter we bought Lockheed Martin, iShares MSCI EM ETF, iShares FTSE 100 ETF and Tencent. We further increased our exposure to Citigroup and British American Tobacco. We sold out of Hong Kong Exchange and Clearing, Carrier Global, Cisco Systems, Chevron Corp. and Otis Worldwide Corp.. The portfolio increased by 2,3% for the quarter with the last month of the quarter up 1,9%.

Positive contributions were attributable mainly to Citigroup, Sibanye Stillwater, Lockheed Martin and Biogen. Losses were attributable to our Gold exposure, Polyus PJSC, Roche and Amazon. For the past 12 months the portfolio has increased 32,7% with the MSCI World Index up 51,8%.