momentum
Securities

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

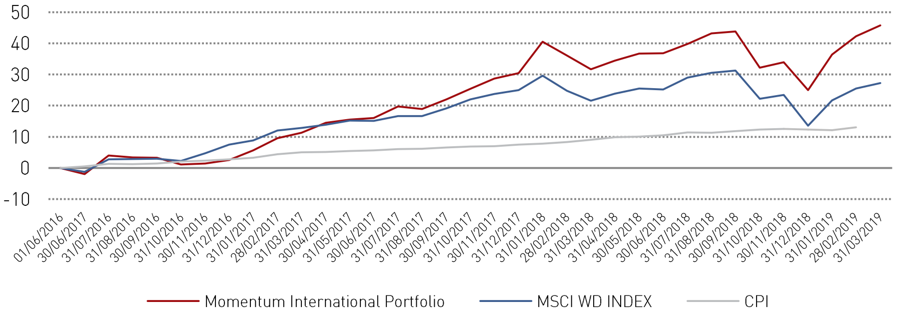
- Investors who have a longer investment term and want the highest possible risk-adjusted return on their invested capital.
- Value-based investors with high risk tolerance.
- Investors who understand that there are investment cycles that cause share prices to fluctuate.

March 2019

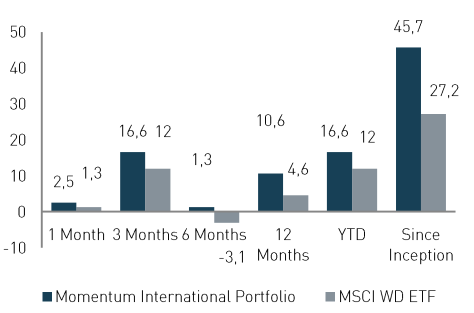
Risk profile

HIGH

Cumulative Performance (USD)



Cumulative Performance (USD)



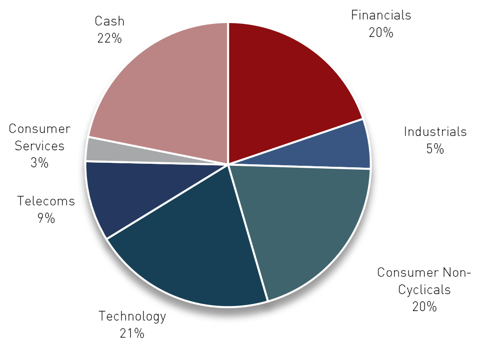
Cumulative Performance (USD)

	Portfolio	Benchmark
1 Month	2,5%	1,3%
3 Months	16,6%	12,0%
6 Months	1,3%	-3,1%
12 Months	10,6%	4,6%
YTD	16,6%	12,0%
Since Inception	45,7%	27,2%

Top 5 Holdings

Microsoft (MSFT)	6,98%
Nestle (NESN-CH)	5,63%
Amazon (AMZN)	5,50%
Alphabet (GOOGL)	5,41%
Comcast (CMCSA)	5,38%
TOTAL	28,90%

Sector Allocation



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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Economic Overview

Following the late 2018 pullback in US and global equity markets we have seen the US FED reverse its interest rate view, indicating that they are now on hold with respect to US short term interest rates. This year we have also seen downward revisions in global growth and a sharp slowdown in the forward looking economic survey data. While monetary conditions tightened marginally over 2018, these tighter monetary conditions were enough to impact a more heavily geared global economy. We are now in the late-cycle growth period in the US economy, and growth has shifted down a gear in both Europe and China.

China has responded to this slower growth with further monetary stimulus, but it remains to be seen whether this stimulus will be sufficient to underpin growth at 6% plus in their economy. Political uncertainty in Europe and the overhang of trade negotiations between China and the US still remain headwinds to investment and global growth.
Global equity markets were oversold at the end of last year and have rebounded strongly in the first quarter of 2019. We now feel that global equity markets have priced in the benefits of the FED interest rate cuts and China stimulus. A lack of follow through from the FED may put equity markets under pressure. Commodity prices are also expected to remain under some pressure as global growth slows. The oil price seems to be the exception, with geopolitical issues and oil supply cuts from OPEC underpinning the USD oil price.

The South Africa rand has been reasonably resilient in spite of some political uncertainty in the run-up to the election in May. While SA economic growth was forecast to improve in 2019 we have seen downward revisions to previous growth forecasts in line with slowing global growth. The completion of the election in May should see an improvement in political sentiment, which could provide a short-term underpin to SA and see some improvement in SA stocks' performance.

Market Overview

Over the last quarter, ended 31 March 2019, we saw the following performance in the SA financial markets: the rand was 0.98% weaker relative to the US dollar, the Top 40 index's total return was up 8.50%, the All Bond index returned 3.80% and cash returned 1.70%.

Over the last quarter we saw the following performances out of world markets, The S&P 500 posted 13.49%, the Nasdaq 17.29%, The Euro Stoxx 50 12.17%, MSCI Japan 6.7%and Emerging Markets posted a gain of 9.81%.

Portfolio Activity

During the first quarter we sold out of our Home Depot, BlackRock, Facebook, Lowes and Samsung positions and lightened our position in Mastercard and Visa. The portfolio increased by 16,6% for the quarter with the last month of the quarter posting a 2,5% gain.

Positive contributions were attributable to BTI, Anheuser Busch, Facebook, Hong Kong Clearing and Exchange and Cisco. For the past 12 months the portfolio has increased 10,6% with the MSCI World index posting a 4,6% gain.