



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.

June 2021

Risk profile



Investment information

Inception date
1 June 2016

Investment manager
Momentum Securities

Stockbroker/custodian
Momentum Securities

Management fee
Max 1.25% (annual)

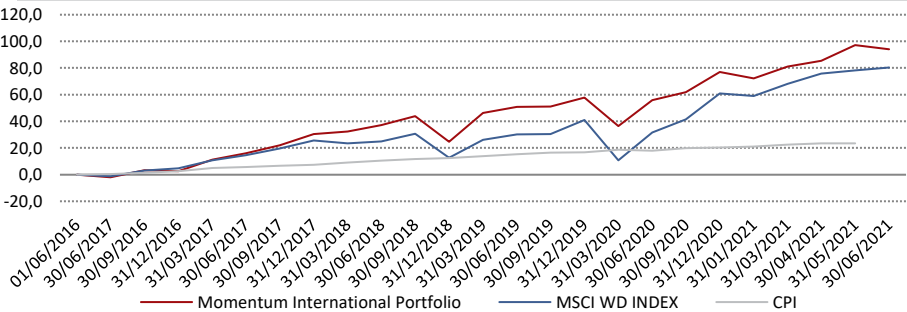
Minimum lump sum
\$80 000

Redemption periods
3 business days

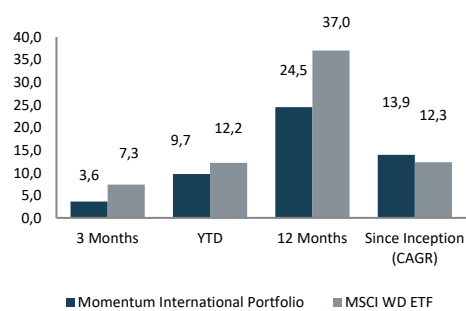
Benchmark
MSCI World Index (USD)

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Cumulative Performance (USD)



Cumulative Performance (USD)



Cumulative Performance (USD)

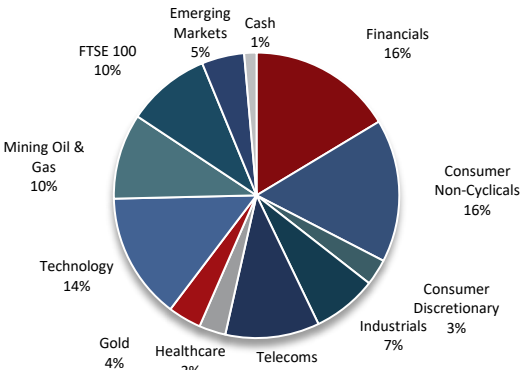
Table with 3 columns: Period, Portfolio, Benchmark. Rows include 3 Month, YTD, 12 Months, and Since Inception (CAGR).

Returns for periods longer than 12 months have been annualised.

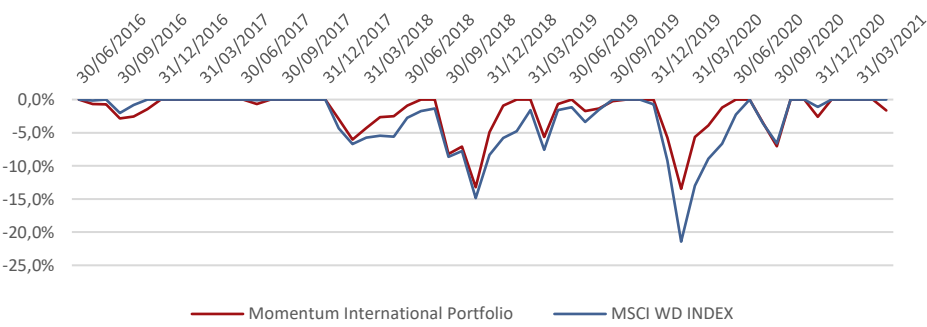
Top 5 Holdings

Table with 2 columns: Holding Name, Percentage. Lists top 5 holdings including iShares FTSE 100, Impala Platinum, Comcast, Amazon, and Lockheed Martin.

Sector Allocation



Drawdown



	PORTFOLIO	BENCHMARK
Max Drawdown	-13,5%	-21,4%
Best Month	9,6%	12,7%
Worst Month	-8,2%	-13,5%
Gain/Loss Ratio	2,21	2,59



Glossary

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

## 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 3,6% for the quarter with the last month of the quarter down 1,6%.

Positive contributions were attributable mainly to Novo Nordisk, Microsoft, Amazon and iShares FTSE 100. Losses were attributable mainly to Impala Platinum, Ping An Insurance and Tencent. For the past 12 months the portfolio has increased 24,5% with the MSCI World index up 37%.