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Setting the scene for the year ahead – a local perspective

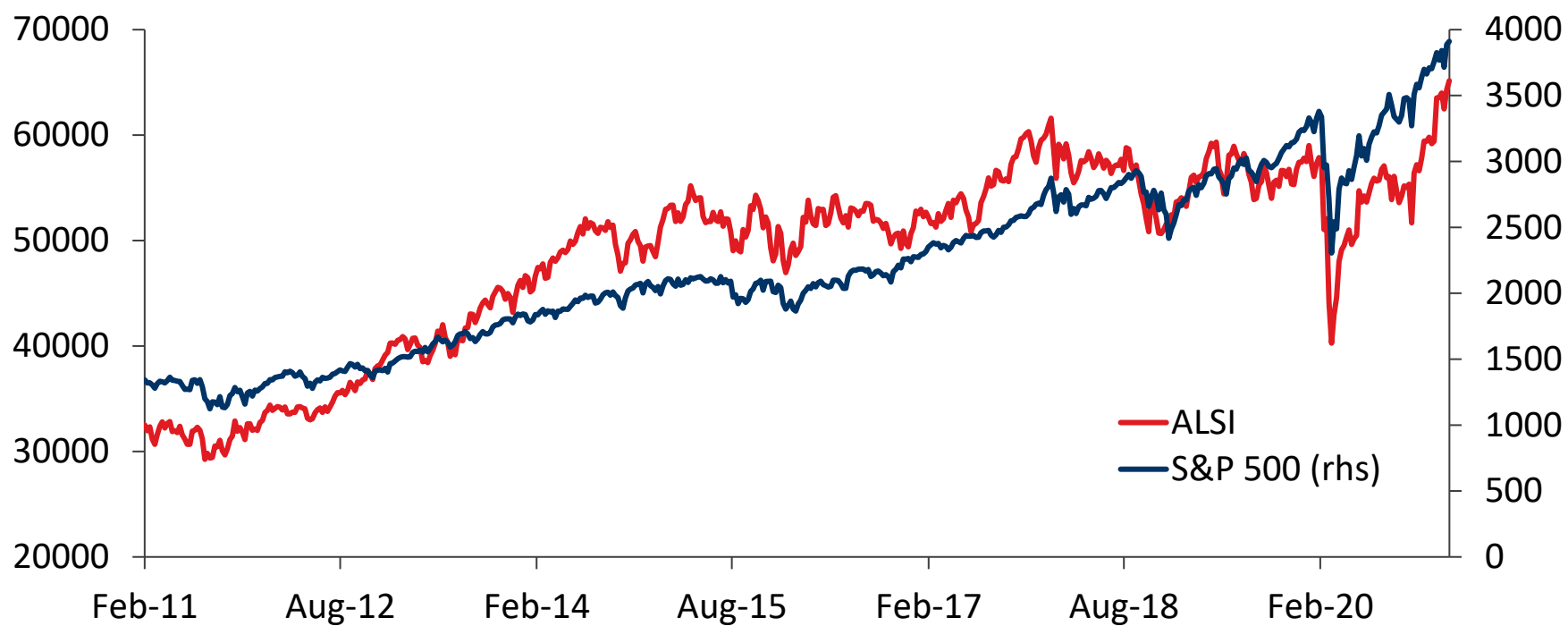
**Herman van Papendorp**

12 March 2021

# SA equities follow global directional lead



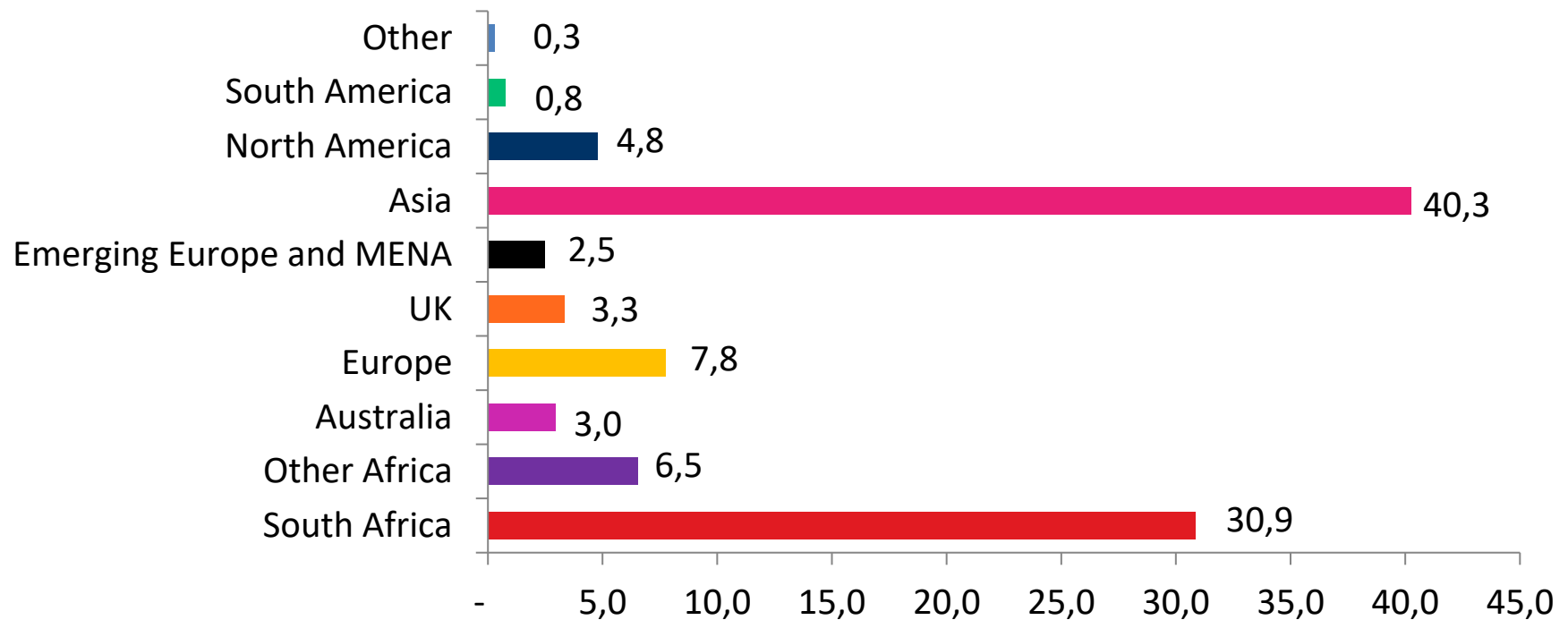
Only 23% of SA equity movements explained by non-US factors



Source: Iress, Momentum Investments

# SA equity market $\neq$ SA economy

FTSE/JSE Top 40 regional operating return origin (%)

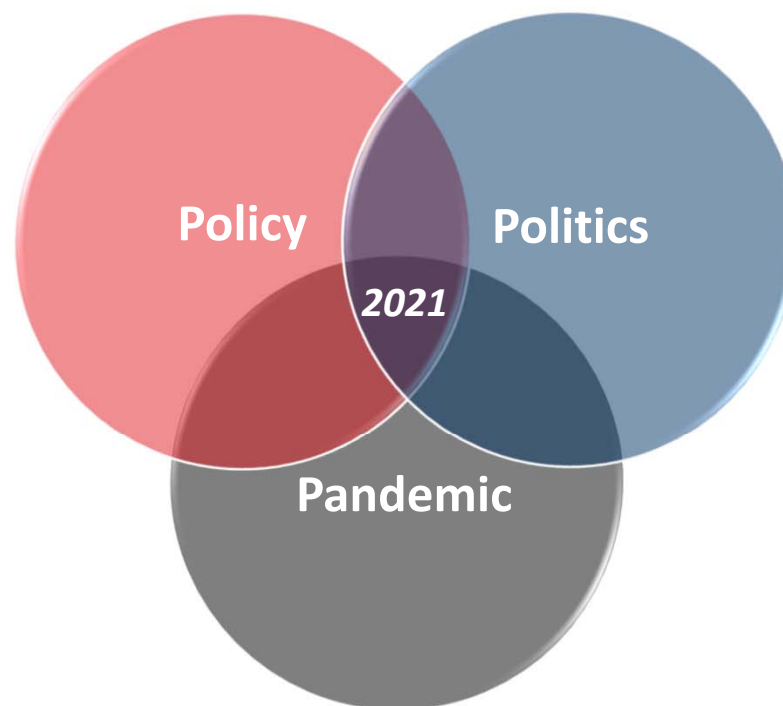


Source: RMB Morgan Stanley

# Three main themes for 2021



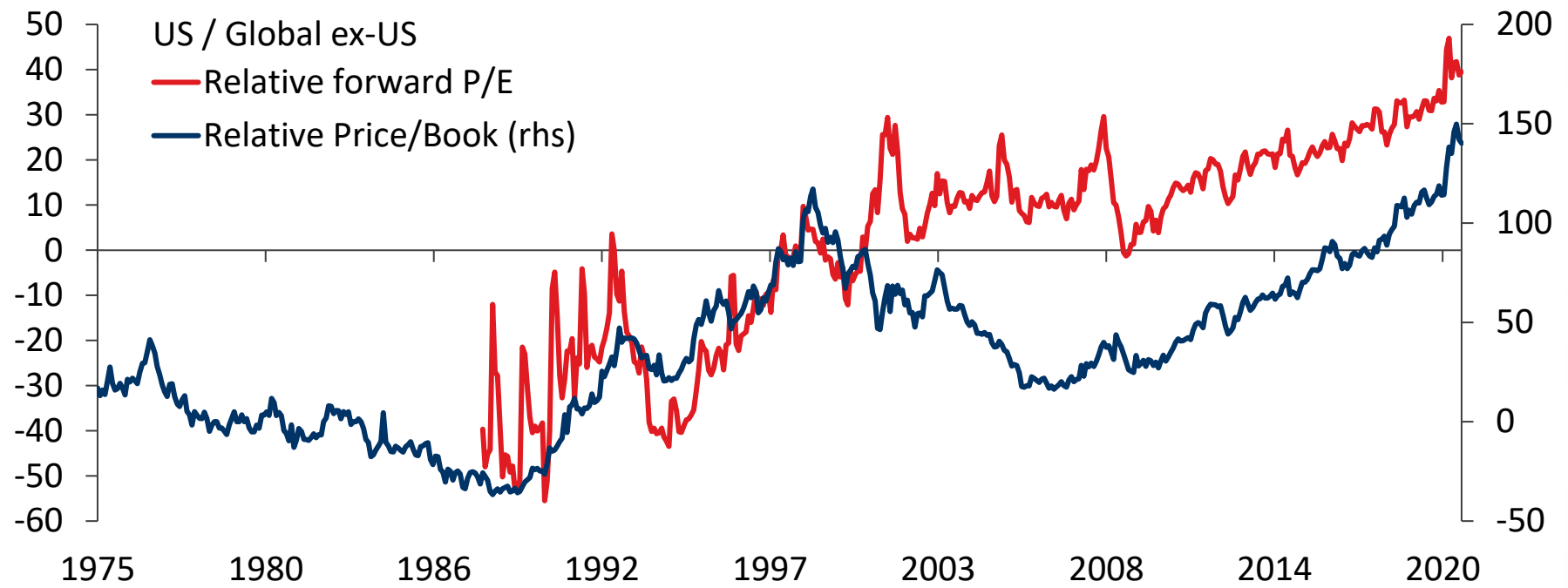
The three Ps



Source: Momentum Investments

# Non-US equities are cheaper

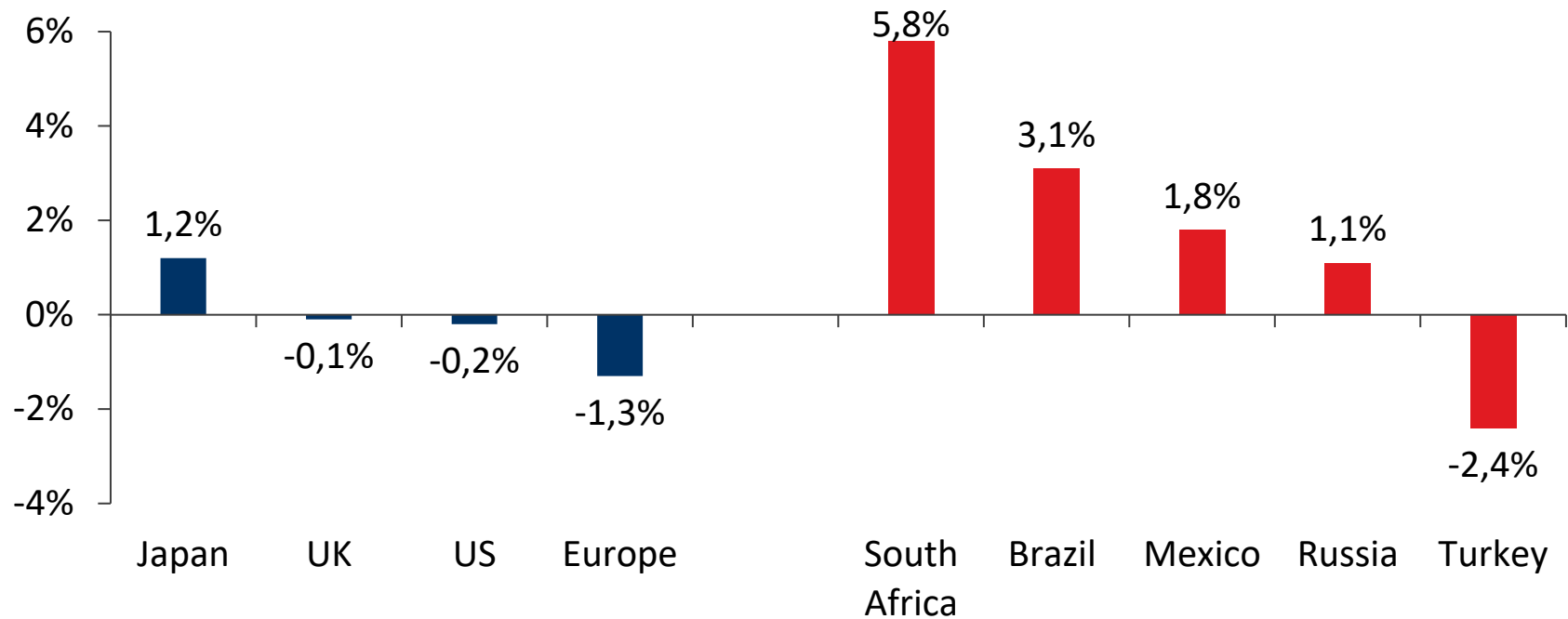
US profit outperformance more than discounted in relative valuations



Source: MRB Partners

# SA real bond yields compelling

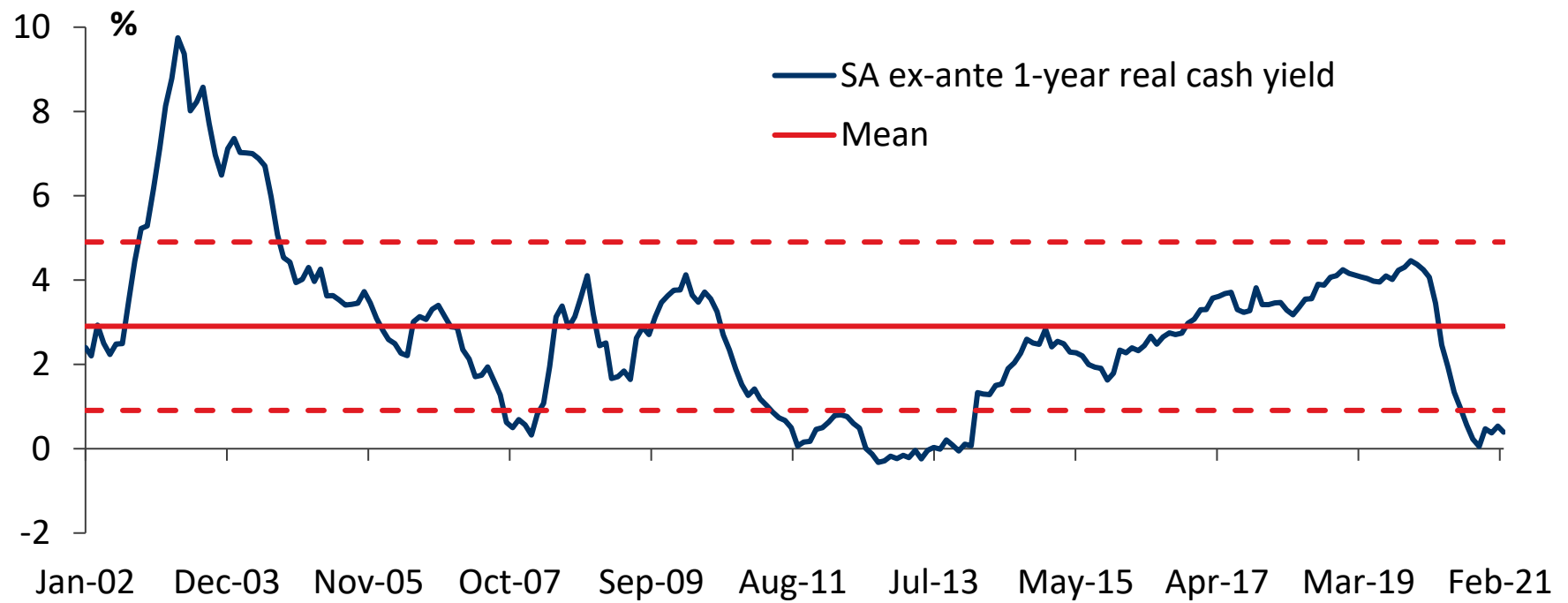
Real ex-post 10-year government bond yields (%)



Source: Iress, Momentum Investments

# Prospective SA real cash yield almost 0%

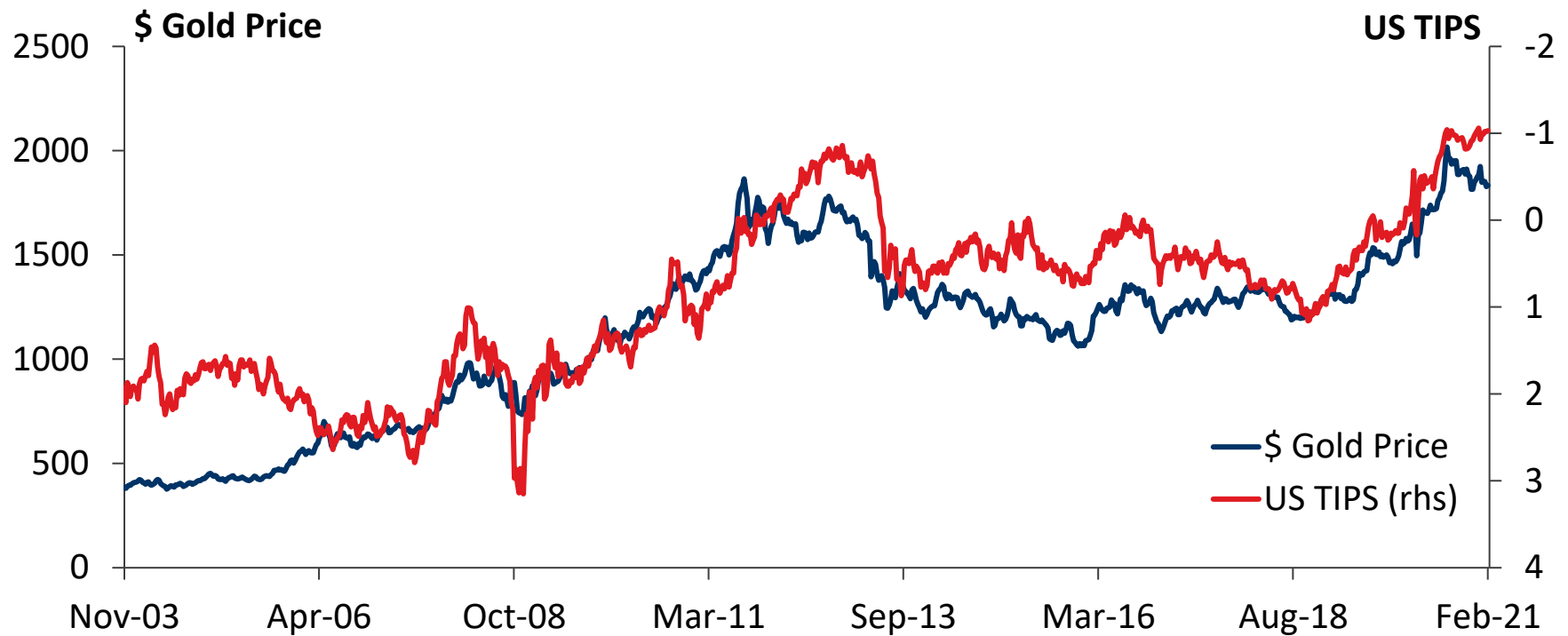
More than 1 STD below historical average



Source: Iress, Momentum Investments

# Only slight tactical gold price upside

But strategic rationale for gold as portfolio diversifier



Source: Iress, Momentum Investments





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Thank you for joining us

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**Sources:** Momentum Investments, Morningstar, Iress, msci.com, yieldbook.com, ft.com