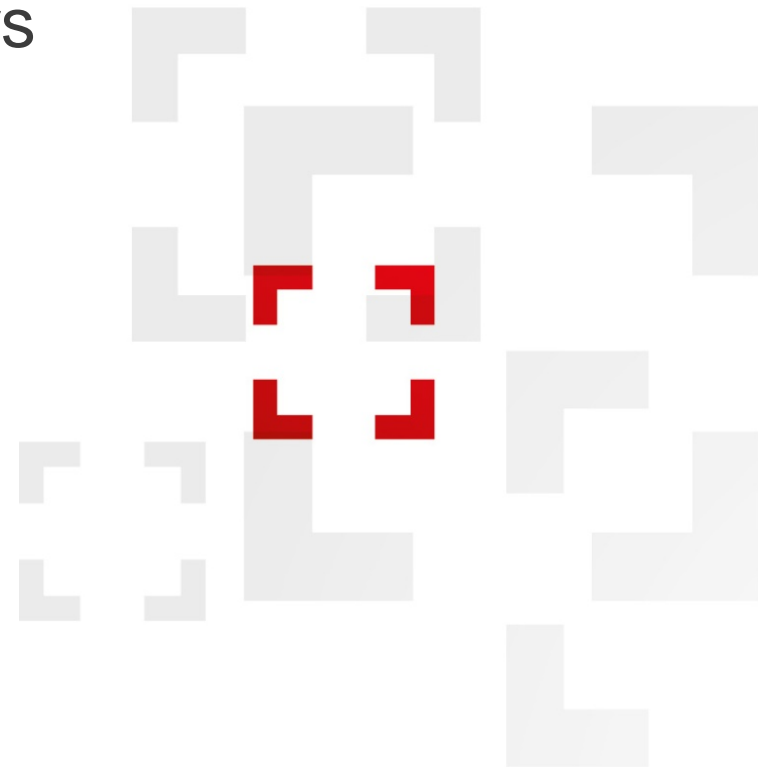


Key market performance drivers

Monthly charts

December 2016



Market returns concentration

One-year returns ending:



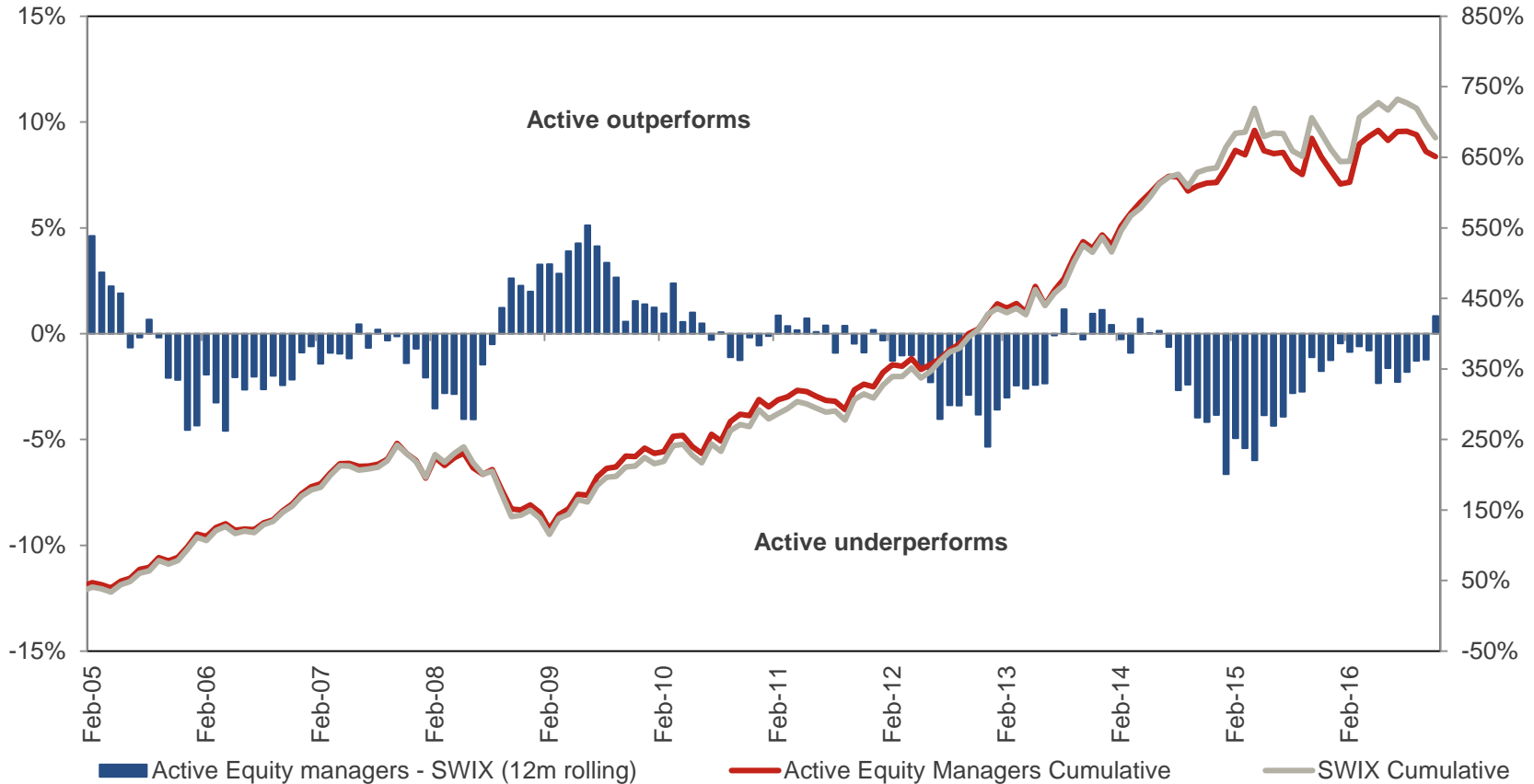
December-16			November-16			October-16		
	ANGLO			ANGLO			NASPERS	
	STANDARD BANK GP			LONMIN			ANGLO	
	FIRSTSTRAND			STANDARD BANK GP			SHOPRIT	
	KUMBA IRON ORE			BHPBILL			ANGLOGOLD ASHANTI LTD	
Top 5	BHPBILL	65%	Top 5	SHOPRIT	91%	Top 5	SIBANYE GOLD LTD	181%
Top 6	BARWORLD	69%	Top 6	KUMBA IRON ORE	97%	Top 6	SAPPI	192%
	ASSORE			ANGLOGOLD ASHANTI LTD			TIGBRANDS	
	IMPALA PLATINUM HOLDINGS			FIRSTSTRAND			GFIELDS	
	SAPPI			HARMONY			IMPALA PLATINUM HOLDINGS	
Top 10	TIGBRANDS	82%	Top 10	ASSORE	116%	Top 10	NORTHAM	230%
	EXXARO			ARM			KUMBA IRON ORE	
	IMPERIAL			SAPPI			SANLAM	
	BARCLAYS AFRICA GROUP			TIGBRANDS			EXXARO	
	SHOPRIT			EXXARO			ARM	
	NEDBANK			NORTHAM			CLICKS GROUP LTD	
	ANGLOGOLD ASHANTI LTD			SIBANYE GOLD LTD			STANDARD BANK GP	
	GROWTHPOINT PROPS			IMPALA PLATINUM HOLDINGS			ASSORE	
	ARM			BARWORLD			NEW EUROPE PROPERTY INVESTMENTS PLC	
	REDEFINE PROPERTIES LTD			CLICKS GROUP LTD			ANGLO AMERICAN PLATINUM LIMITED	
Top 20	FOSCHINI GROUP (THE)	108%	Top 20	ANGLO AMERICAN PLAT	142%	Top 20	BLUETEL	288%
Remaining	(Positive)	34%	Remaining	(Positive)	31%	Remaining	(Positive)	57%
Negative	(57Shares)	-42%	Negative	(57Shares)	-73%	Negative	(74 Shares)	-244%

Market-cap weighted returns: 10 shares contributed 82% to the return of the SWIX, while 20 shares contributed 108%

Source: Barra, Deutsche Securities and Momentum Investments

Active-index analysis

One-year rolling active to November* 2016



Median of Active Equity Managers vs SWIX

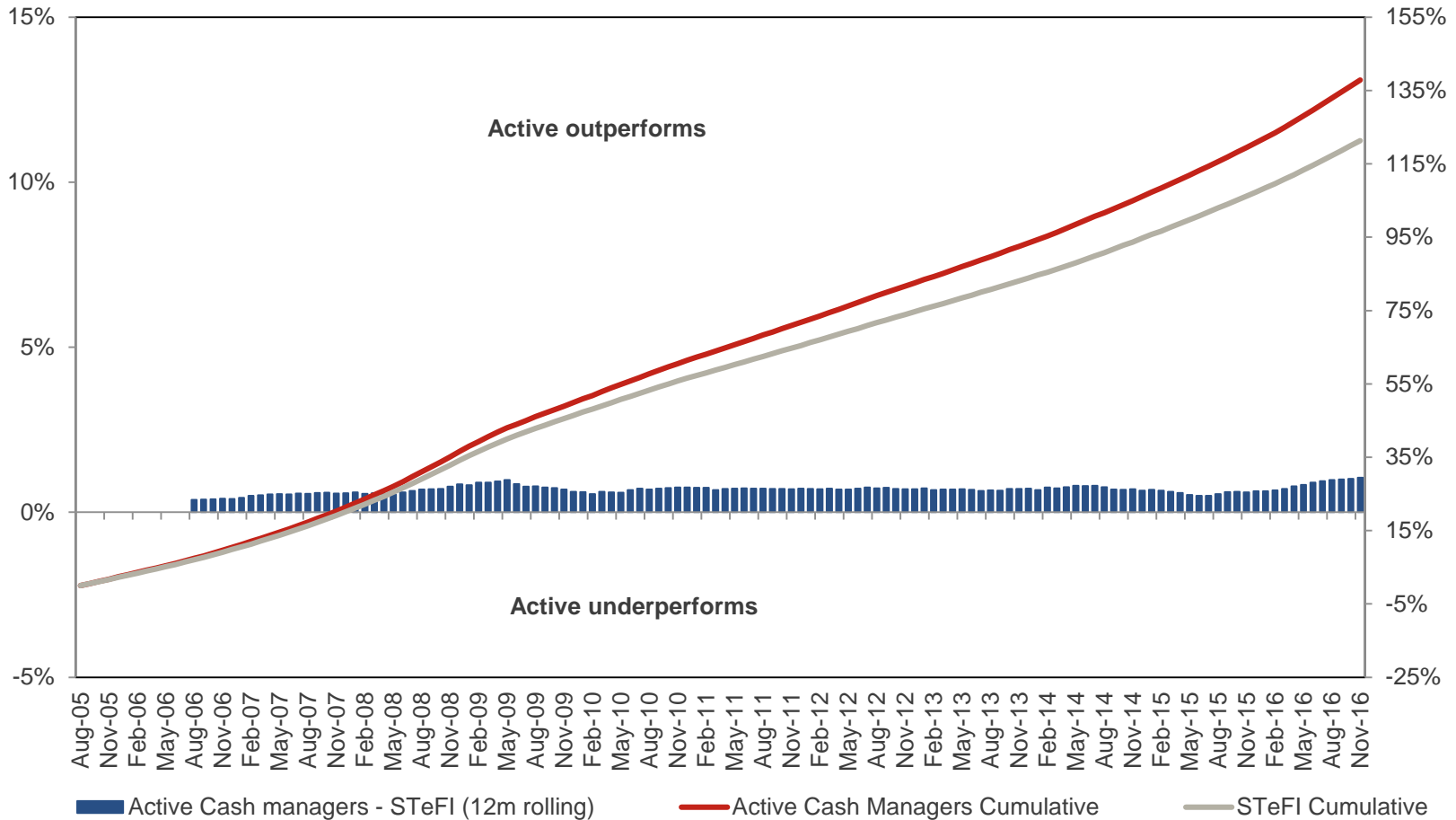
The median of the active equity managers outperformed the SWIX for the year ended November 2016, the first time in 30 months

Source: Alexander Forbes S.A. Equity Manager Watch™ Survey, INET BFA and Momentum Investments

* Lagged by one month due to availability of data

Active versus tracker: Cash

One-year rolling average to November* 2016



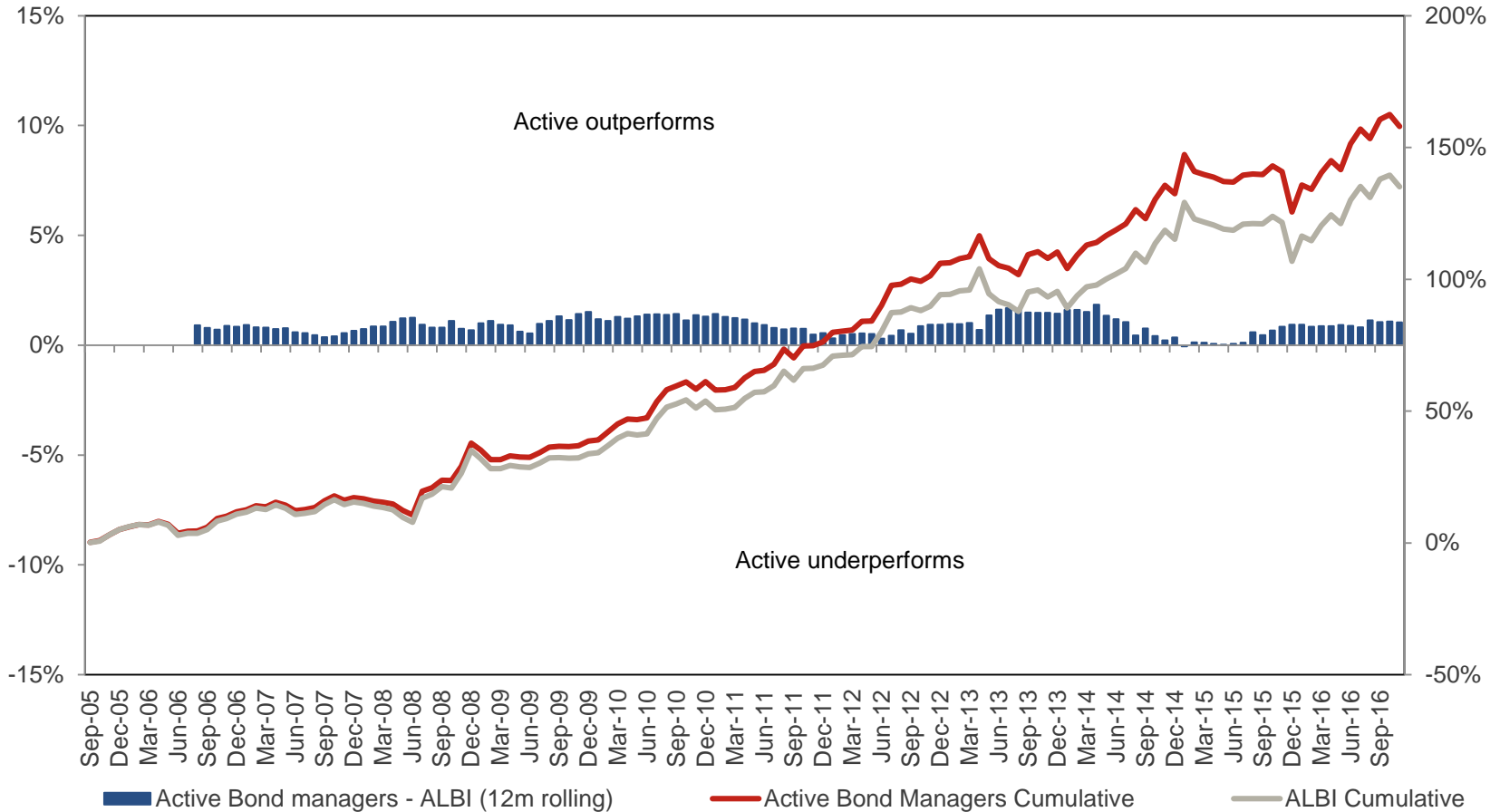
Median of Active Money Market Managers vs STEFI

Source: Alexander Forbes S.A. Money Market Manager Watch™ Survey, INET BFA and Momentum Investments

* Lagged by one month due to availability of data

Active versus tracker: Bonds

One-year rolling average to November* 2016



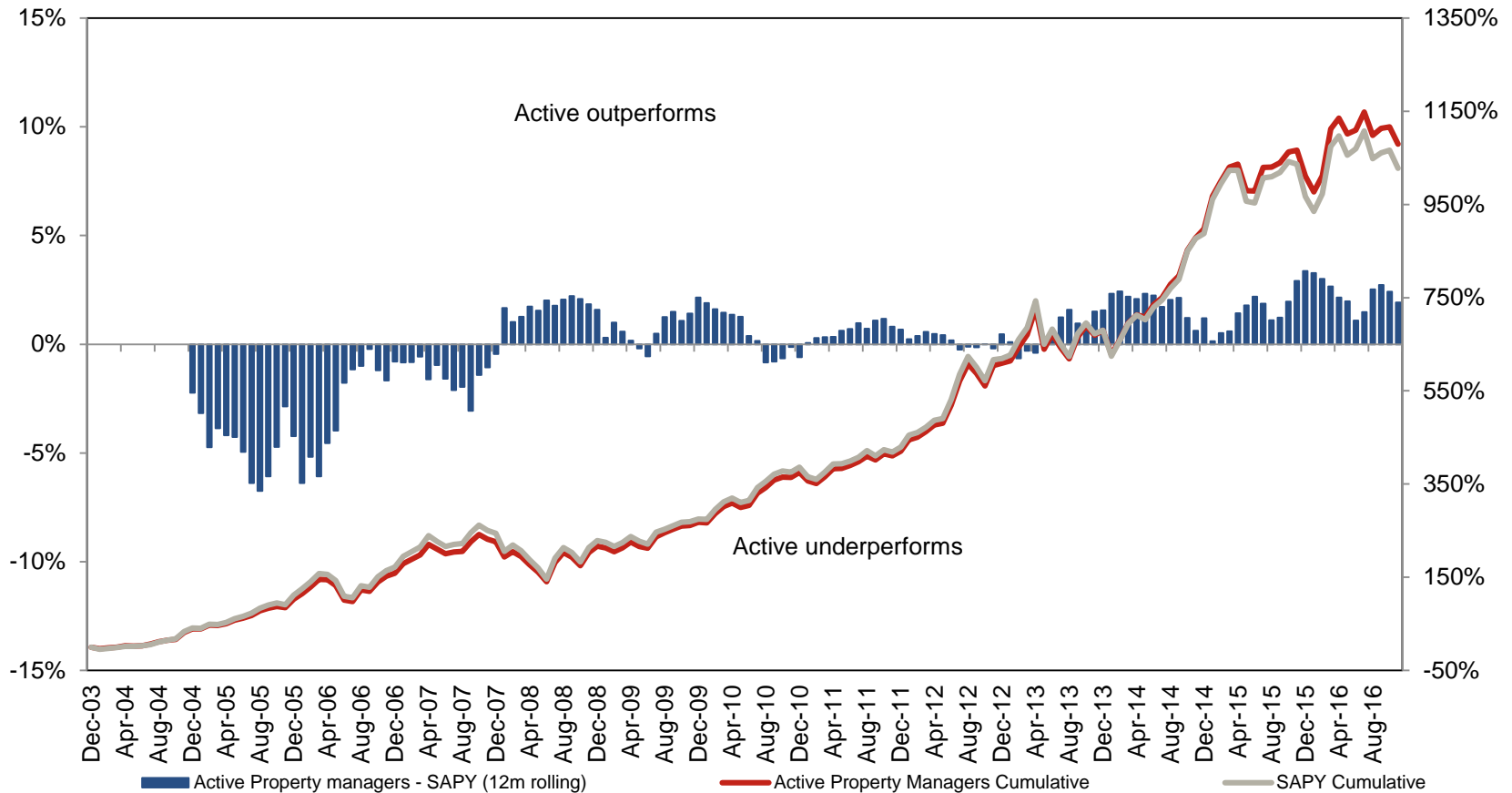
Median of Active Bond Managers vs ALBI

Source: Alexander Forbes S.A Bond Manager Watch™ Survey, INET BFA and Momentum Investments

* Lagged by one month due to availability of data

Active versus tracker: Property

One-year rolling average to November* 2016



Median of Active Property Managers vs SAPY

Source: Alexander Forbes S.A. Property Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data

Style returns for South Africa

Data to December 2016



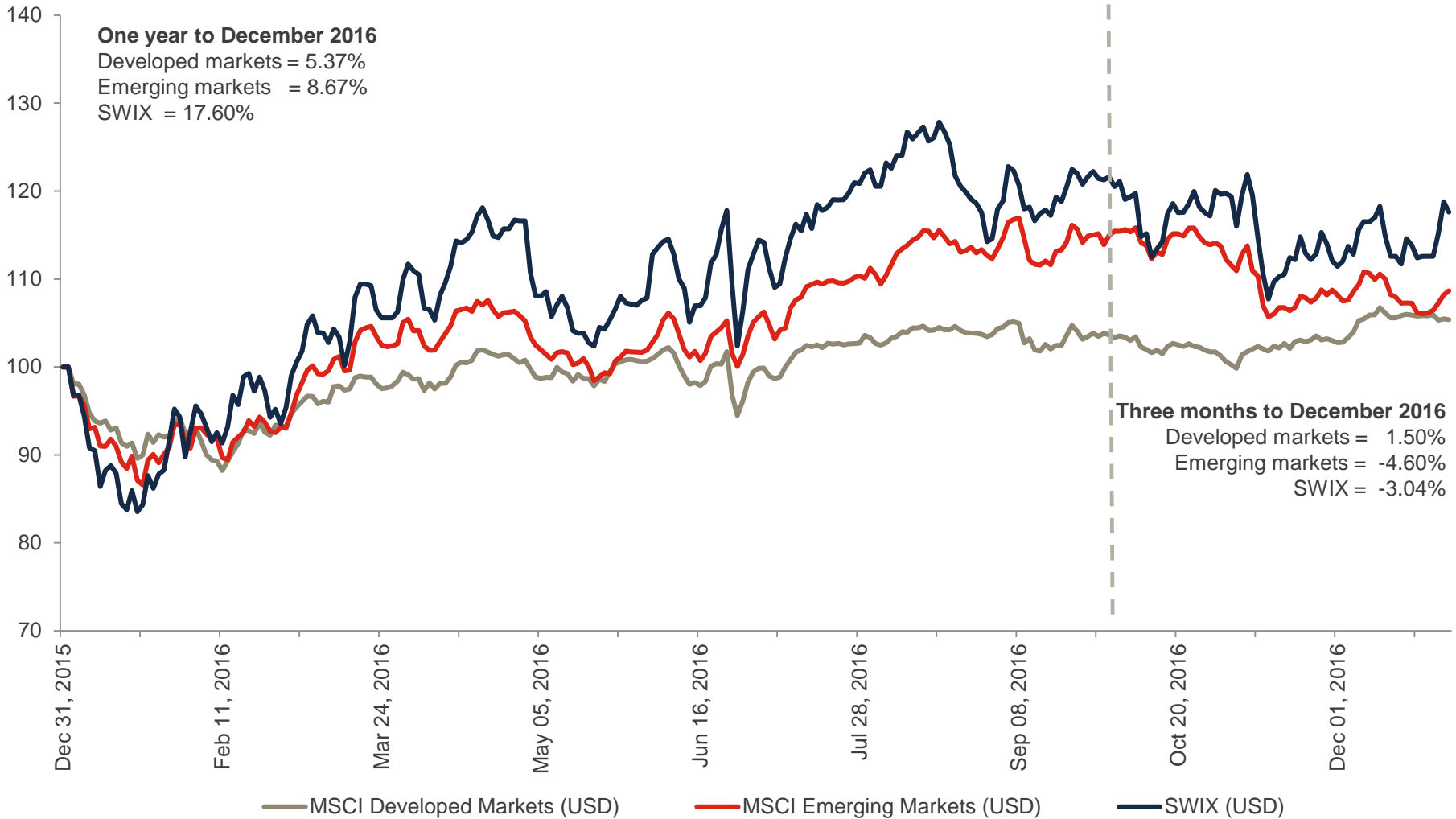
ZAR	Styles	One month to Dec 2016	Three months to Dec 2016	One year to Dec 2016	Three years to Dec 2016	Five years to Dec 2016	Ten years to Dec 2016	Twenty years to Dec 2016
Value	Book to Price	-0.10	8.07	14.00	0.03	-2.86	-1.88	2.59
	Dividend Yield	2.53	2.11	13.32	2.33	-1.94	1.79	4.36
	Earnings Yield	2.58	11.74	11.32	1.96	0.04	0.06	2.94
	Cash Flow Yield	0.74	10.87	24.29	3.71	1.94	-0.20	3.50
	Sales to Price	0.19	2.63	16.80	-0.82	-2.23	-1.88	2.87
Quality	ROE	0.71	-2.41	-10.70	-3.07	-0.50	0.55	-2.03
	ROIC LT	0.11	0.86	2.97	-0.75	-0.33	-0.13	-2.24
	Income to Sales	1.21	8.72	-2.35	0.95	1.25	0.80	-1.02
	Low market beta	-0.54	2.58	-1.32	5.19	5.19	-1.53	1.47
	Low Debt/Equity	0.95	9.27	4.04	-1.73	-0.34	-2.17	-1.18
	EBIT Margin Stability	-1.49	-2.29	-5.02	3.78	5.15	5.07	-0.45
Growth	Earnings Growth	2.78	11.55	-5.85	1.79	0.19	-1.14	-1.16
	Sales Growth	0.83	2.83	-7.65	-0.13	1.74	1.65	0.20
	12M Earning Growth	-0.55	-9.67	-9.57	-2.89	-4.81	0.27	5.37
Momentum	FY1 Earnings Revisions	-1.15	-2.83	-8.53	5.39	4.59	9.44	8.05
	Short Term Momentum	0.03	-2.19	4.92	4.53	3.14	0.98	-1.16
	Medium Term Momentum	-1.17	-4.88	-17.75	4.35	7.04	4.83	6.75
Size	Size	-0.44	-5.75	-8.41	-2.54	-2.24	-0.15	-0.81

Some value and quality factors had strong returns for the shorter term. Overall, the various momentum factors are strong in the longer term, especially FY1 Earnings Revisions and Medium Term Momentum.

Source: FactSet, Momentum Global Investment Management and Momentum Investments

MSCI developed and emerging markets

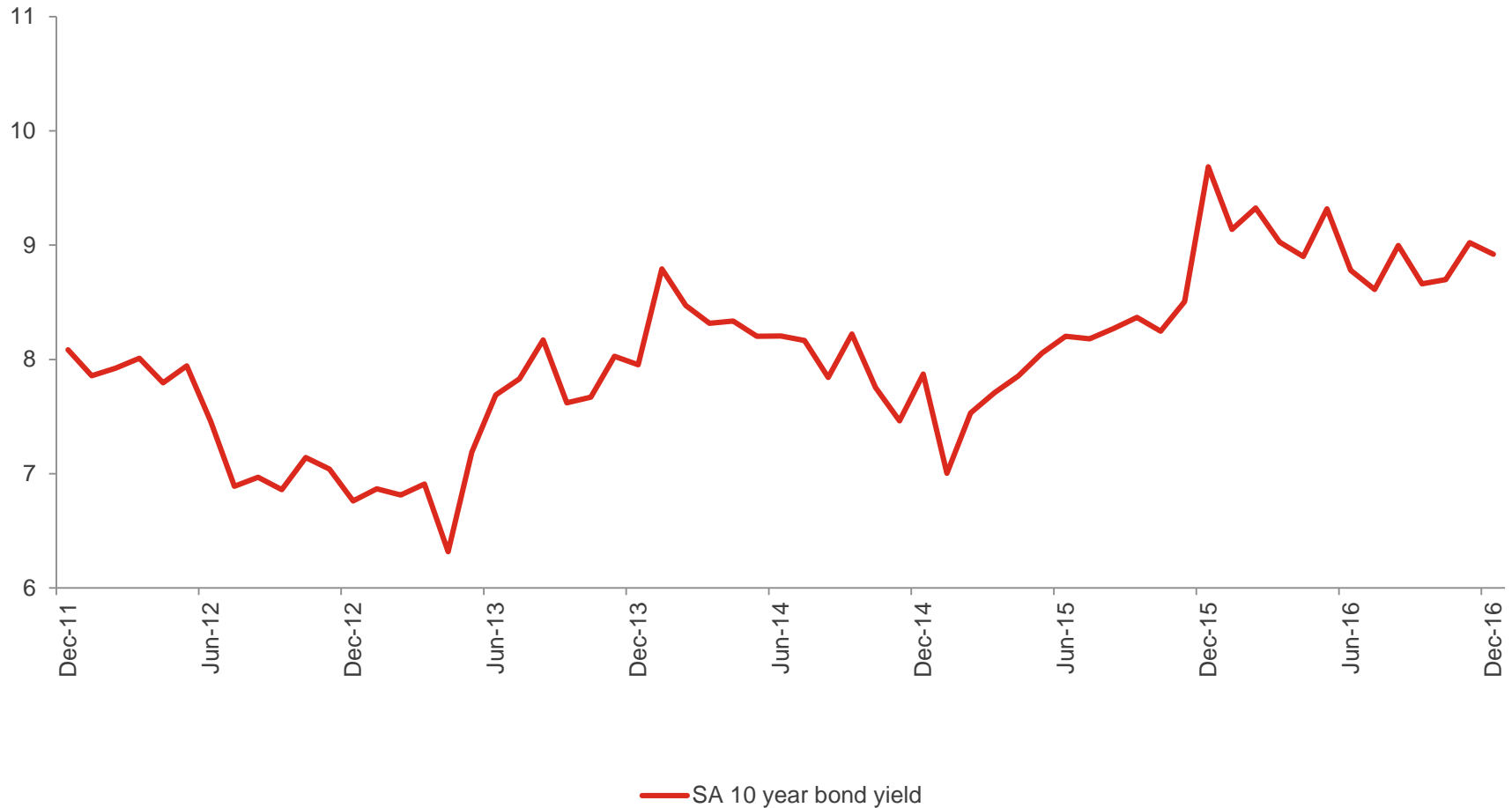
One year to December 2016



Source: INET BFA, MSCI and Momentum Investments

SA 10-year bond yields

Five years to December 2016



SA 10-year bond yields decreased by 10 bps for December 2016

Source: INET BFA and Momentum Investments

Yield of R197 (inflation-linked bond)

Since May 2001 to December 2016

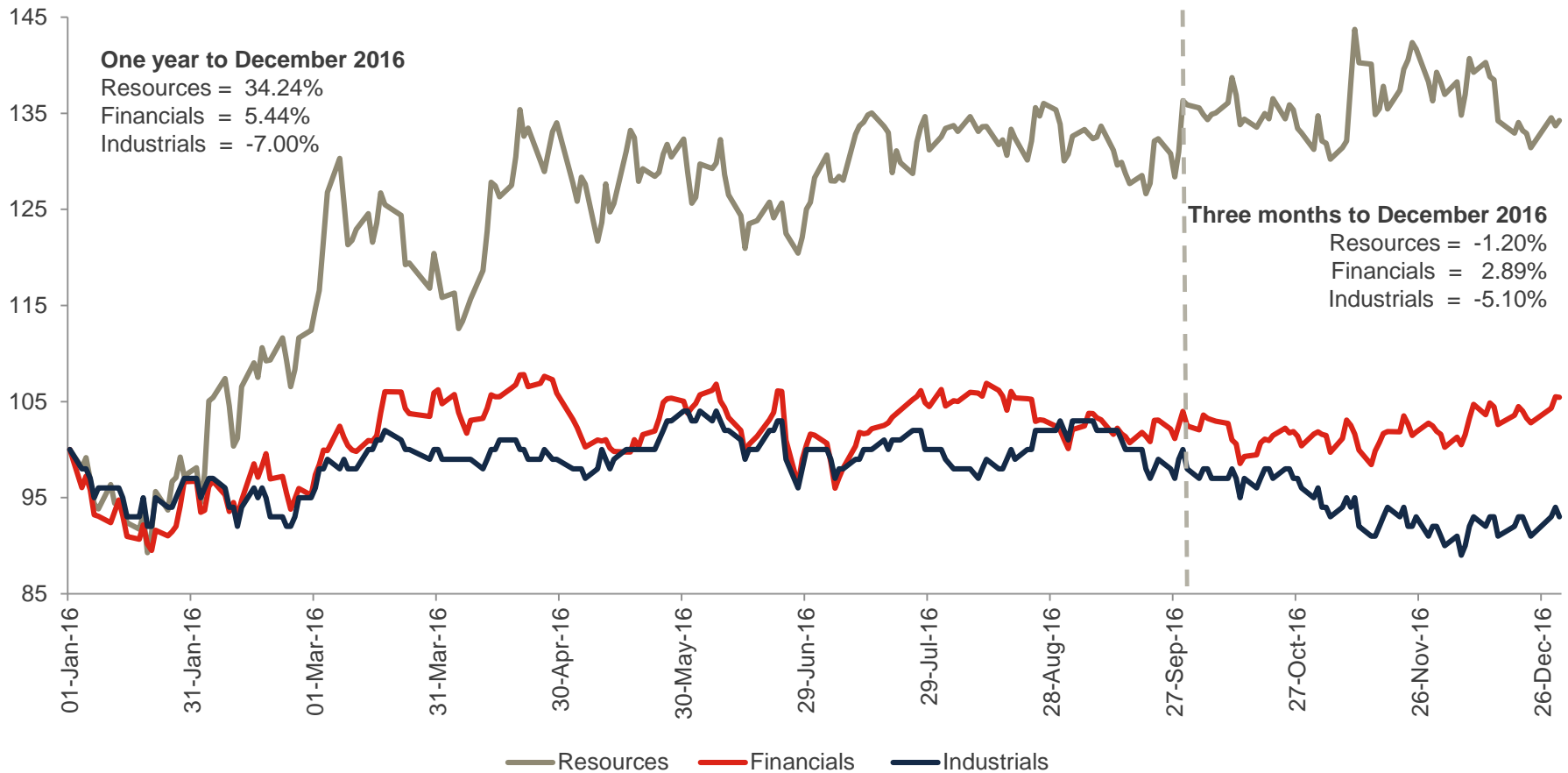


Inflation-linked bond yields were higher for December 2016

Source: INET BFA and Momentum Investments

FTSE/JSE sectors

One year to December 2016

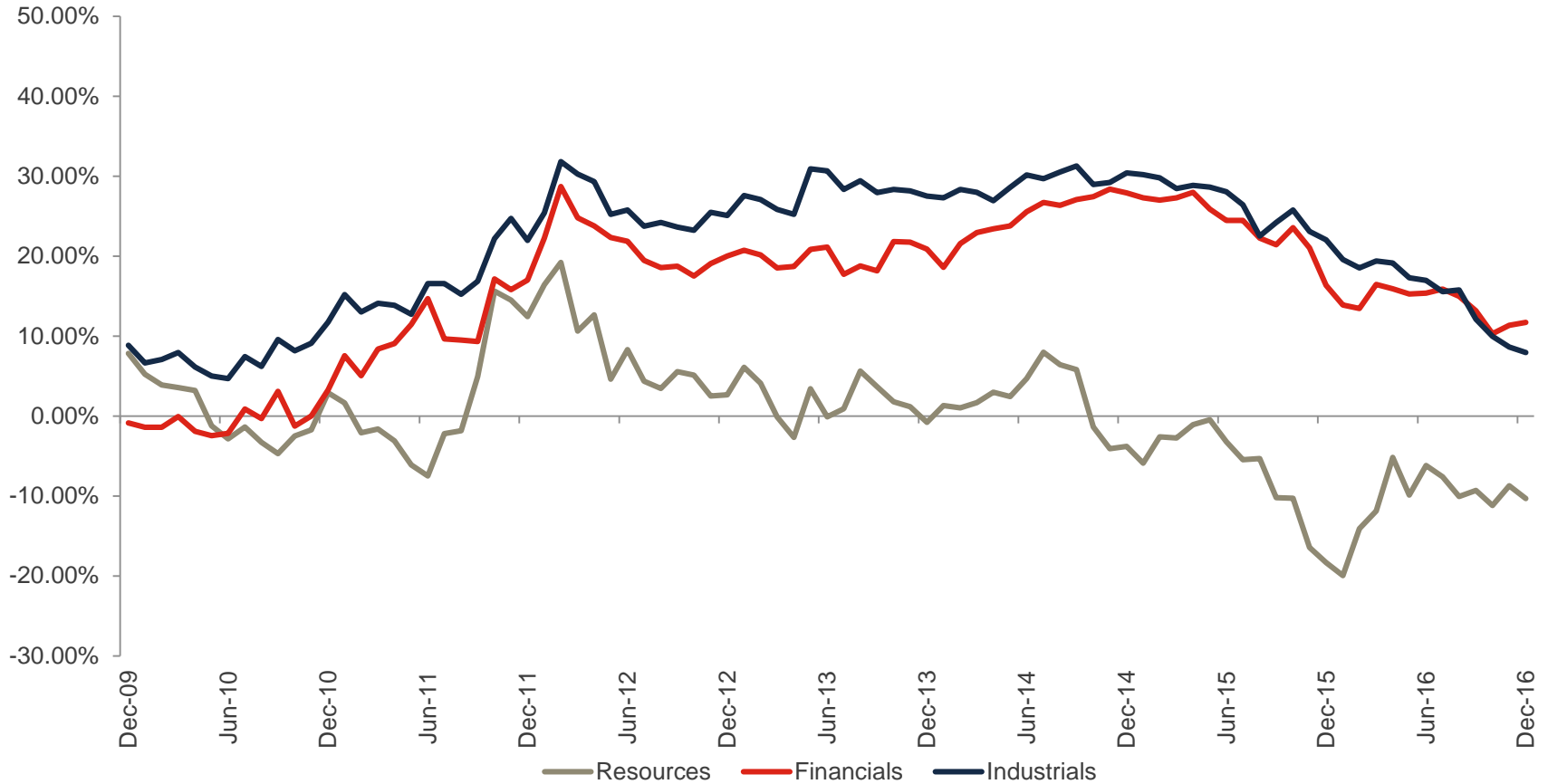


FTSE/JSE Financials were positive for the three months and FTSE/JSE Resources continued to dominate for the one-year period

Source: INET BFA and Momentum Investments

FTSE/JSE sectors

Rolling three-year return to December 2016



The three-year rolling picture has remained relatively unchanged since 2012, with financials ahead of industrials, while resources continued to lag

Source: INET BFA and Momentum Investments

Returns are annualised

FTSE/JSE sectors

Decomposed (three months to December 2016)



Three months to Dec 2016

1	Fixed Line Telecommunications	Telecommunication	24.6%	19	General Retailers	Consumer Services	2.1%
2	Industrial Engineering	Industrials	24.0%	20	Food Producers	Consumer Goods	1.0%
3	Industrial Metals	Basic Materials	19.0%	21	Software & Computer Services	Technology	0.6%
4	Support Services	Industrials	13.3%	22	Real Estate Investment & Services	Financials	-0.2%
5	Banks	Financials	11.0%	23	Real Estate Investment Trusts	Financials	-0.5%
6	Automobiles & Parts	Consumer Goods	10.0%	24	Life Insurance	Financials	-2.1%
7	General Mining	Mining	9.3%	25	Equity Investment Instruments	Financials	-5.2%
8	Personal Goods	Consumer Goods	8.9%	26	Travel & Leisure	Consumer Services	-5.7%
9	Electronic & Electrical Equipment	Industrials	7.5%	27	Food & Drug Retailers	Consumer Services	-6.1%
10	Coal Mining	Mining	5.8%	28	Household Goods	Consumer Goods	-6.8%
11	General Industrials	Industrials	5.7%	29	Pharmaceuticals & Biotechnology	Health Care	-7.5%
12	Chemicals	Basic Materials	5.7%	30	Beverages	Consumer Goods	-9.8%
13	Mobile Telecommunications	Telecommunication	5.6%	31	Tobacco	Consumer Goods	-11.3%
14	Non-life Insurance	Financials	4.5%	32	Health Care Equipment & Services	Health Care	-12.6%
15	Forestry & Paper	Basic Materials	3.1%	33	Media	Consumer Services	-15.2%
16	General Financial	Financials	2.9%	34	Platinum Mining	Mining	-33.1%
17	Industrial Transportation	Industrials	2.8%	35	Gold Mining	Mining	-35.5%
18	Construction & Materials	Industrials	2.4%				

Key

Resources

Financials

Industrials

Fixed Line Telecoms and Industrial Engineering were the best-performing sectors for the last three months

Source: Barra, Deutsche Securities and Momentum Investments

FTSE/JSE sectors

Decomposed (one year to December 2016)



One year to Dec 2016

1	Industrial Metals	Basic Materials	255.2%	19	Forestry & Paper	Basic Materials	2.1%
2	Coal Mining	Mining	107.8%	20	Chemicals	Basic Materials	1.4%
3	General Mining	Mining	61.8%	21	Electronic & Electrical Equipment	Industrials	-1.4%
4	Platinum Mining	Mining	50.5%	22	Equity Investment Instruments	Financials	-3.3%
5	Industrial Engineering	Industrials	50.2%	23	Media	Consumer Services	-4.9%
6	Banks	Financials	33.6%	24	Life Insurance	Financials	-4.9%
7	Non-life Insurance	Financials	32.8%	25	Pharmaceuticals & Biotechnology	Health Care	-6.3%
8	Gold Mining	Mining	30.4%	26	Household Goods	Consumer Goods	-6.7%
9	Industrial Transportation	Industrials	24.9%	27	General Retailers	Consumer Services	-7.4%
10	General Industrials	Industrials	23.9%	28	Tobacco	Consumer Goods	-7.5%
11	Food Producers	Consumer Goods	23.3%	29	General Financial	Financials	-11.4%
12	Fixed Line Telecommunications	Telecommunication	22.3%	30	Health Care Equipment & Services	Health Care	-14.7%
13	Software & Computer Services	Technology	15.5%	31	Support Services	Industrials	-15.6%
14	Travel & Leisure	Consumer Services	10.8%	32	Automobiles & Parts	Consumer Goods	-16.2%
15	Construction & Materials	Industrials	8.8%	33	Personal Goods	Consumer Goods	-16.3%
16	Food & Drug Retailers	Consumer Services	7.7%	34	Real Estate Investment & Services	Financials	-20.3%
17	Mobile Telecommunications	Telecommunication	3.9%	35	Beverages	Consumer Goods	-23.1%
18	Real Estate Investment Trusts	Financials	3.2%				

Key

Resources

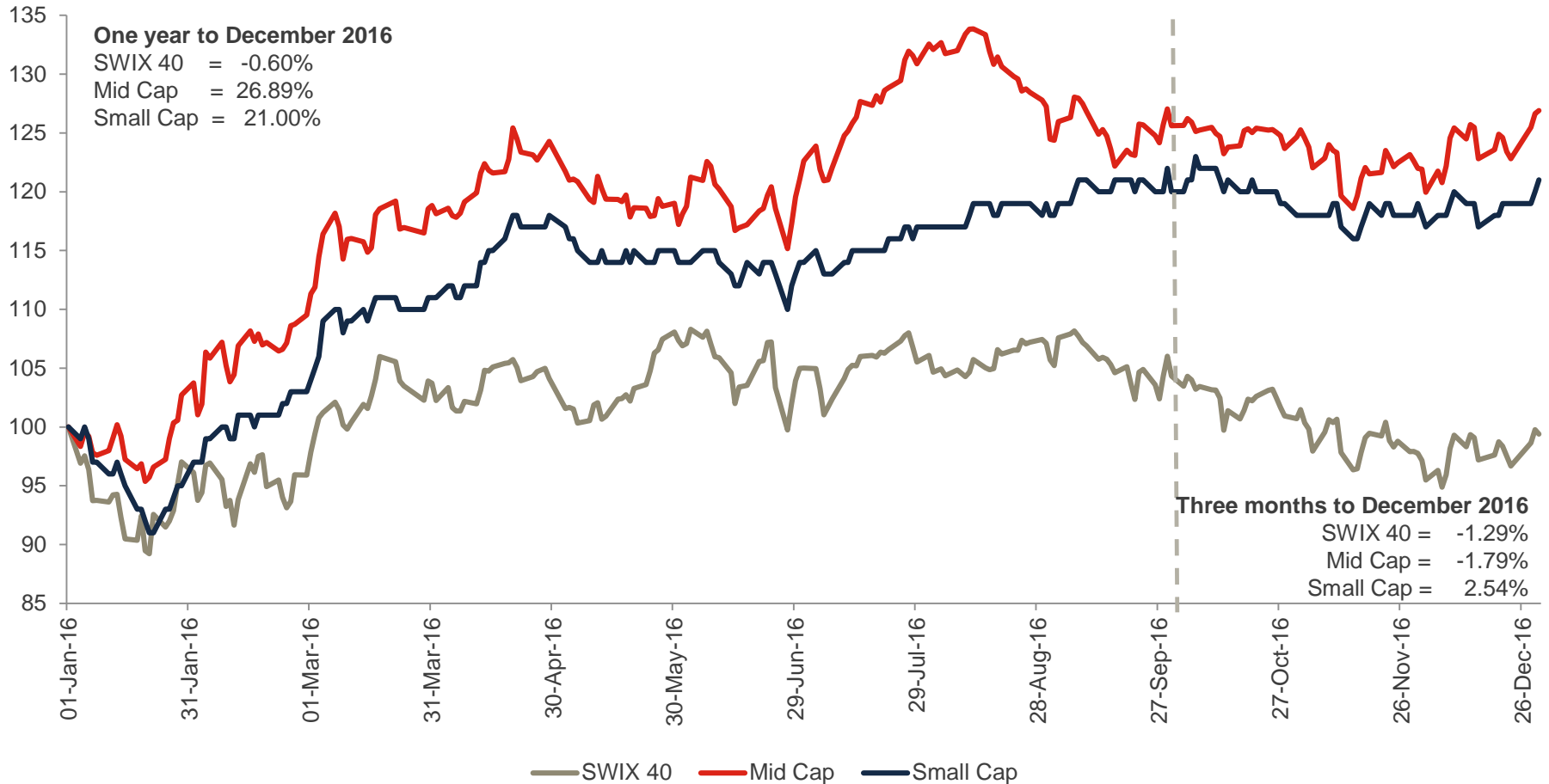
Financials

Industrials

Source: Barra, Deutsche Securities and Momentum Investments

FTSE/JSE market caps

One year to December 2016

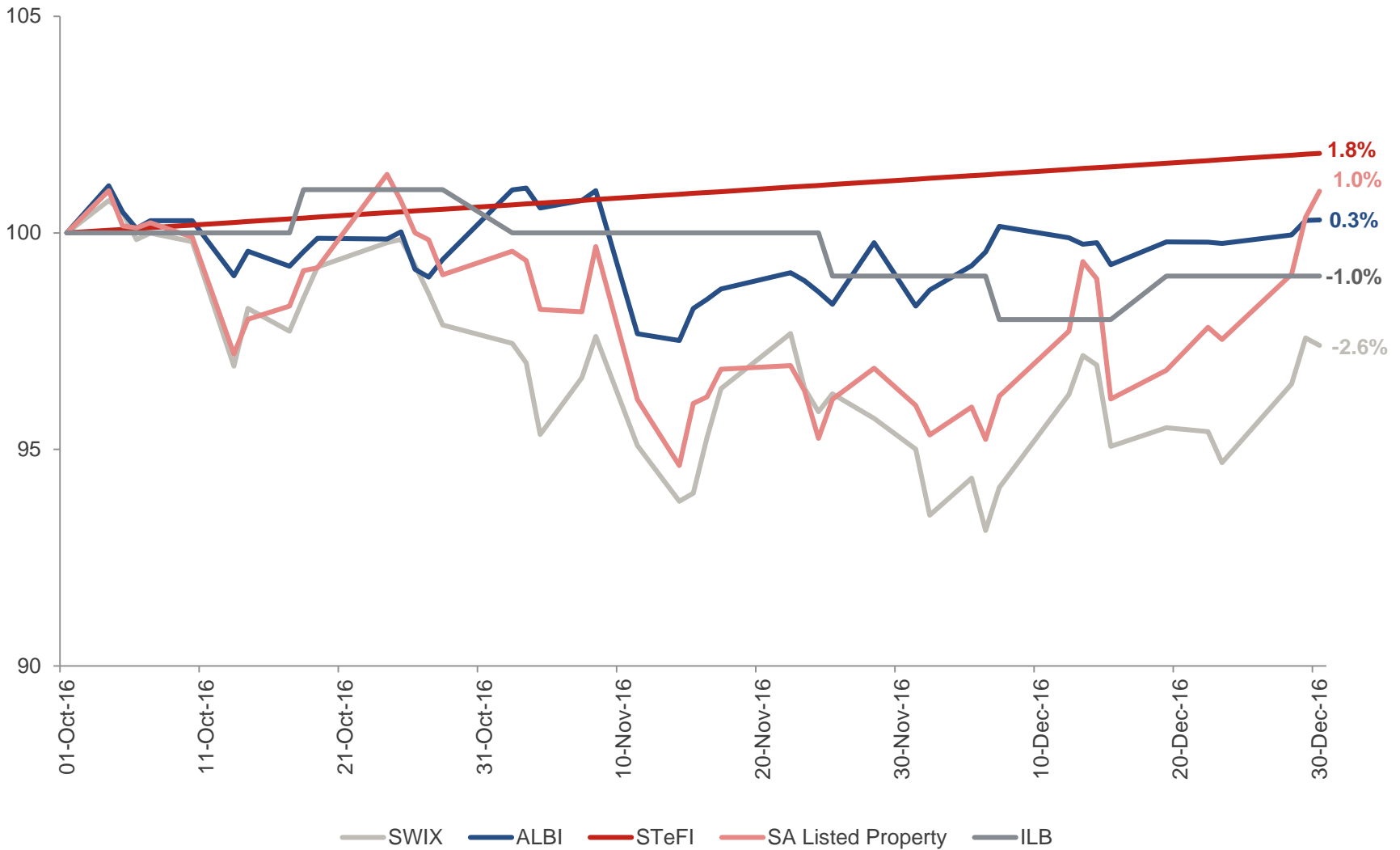


The FTSE/JSE Mid Cap and Small Cap Indices had positive returns for the one-year period, whereas the SWIX 40 struggled over the three-month and one-year period

Source: INET BFA and Momentum Investments

Local asset classes

Three months to December 2016

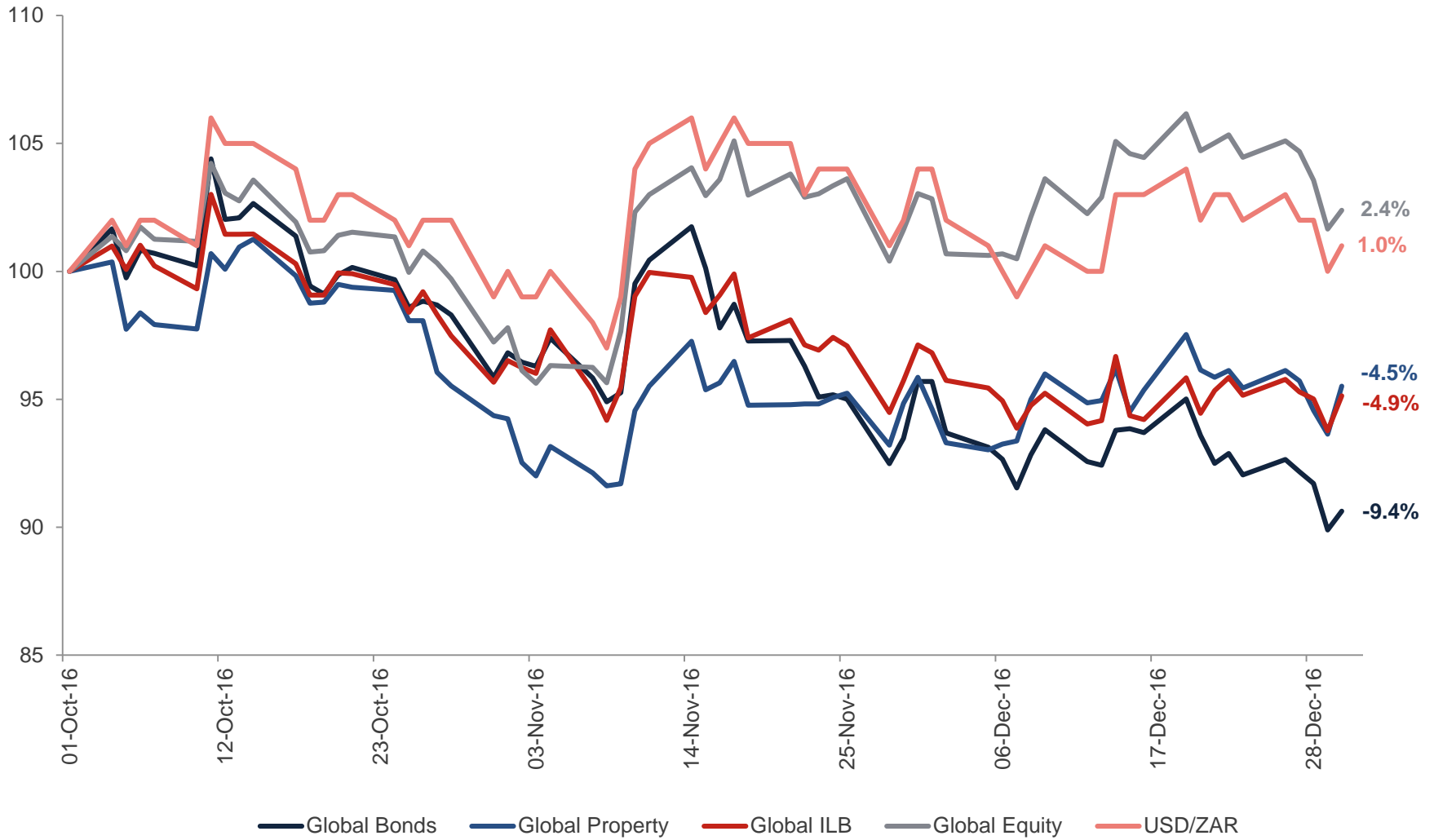


Source: INET BFA and Momentum Investments

All returns in rand terms

Global asset classes

Three months to December 2016

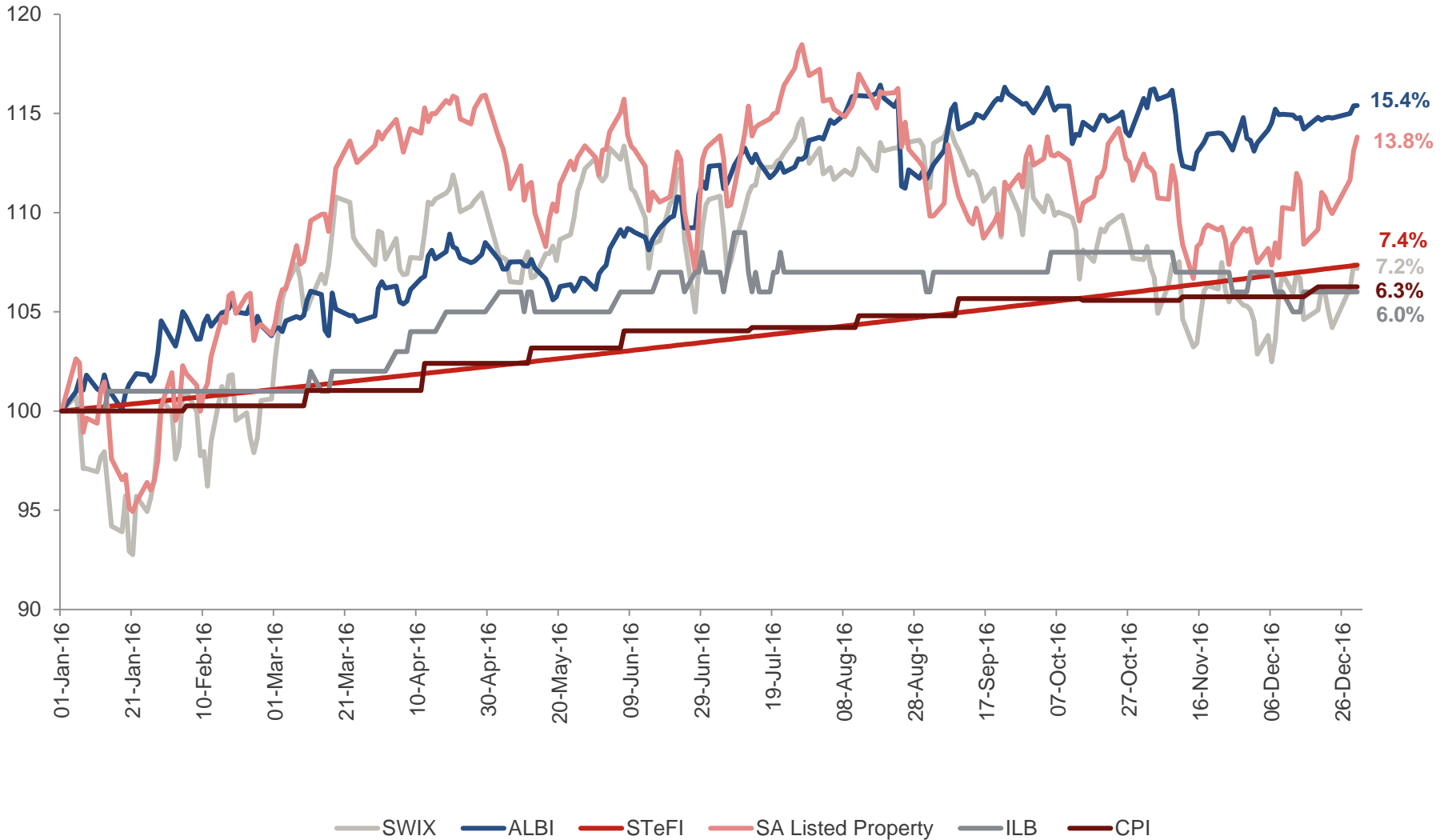


Source: INET BFA and Momentum Investments

All returns in rand terms

Local asset classes

One year to December 2016



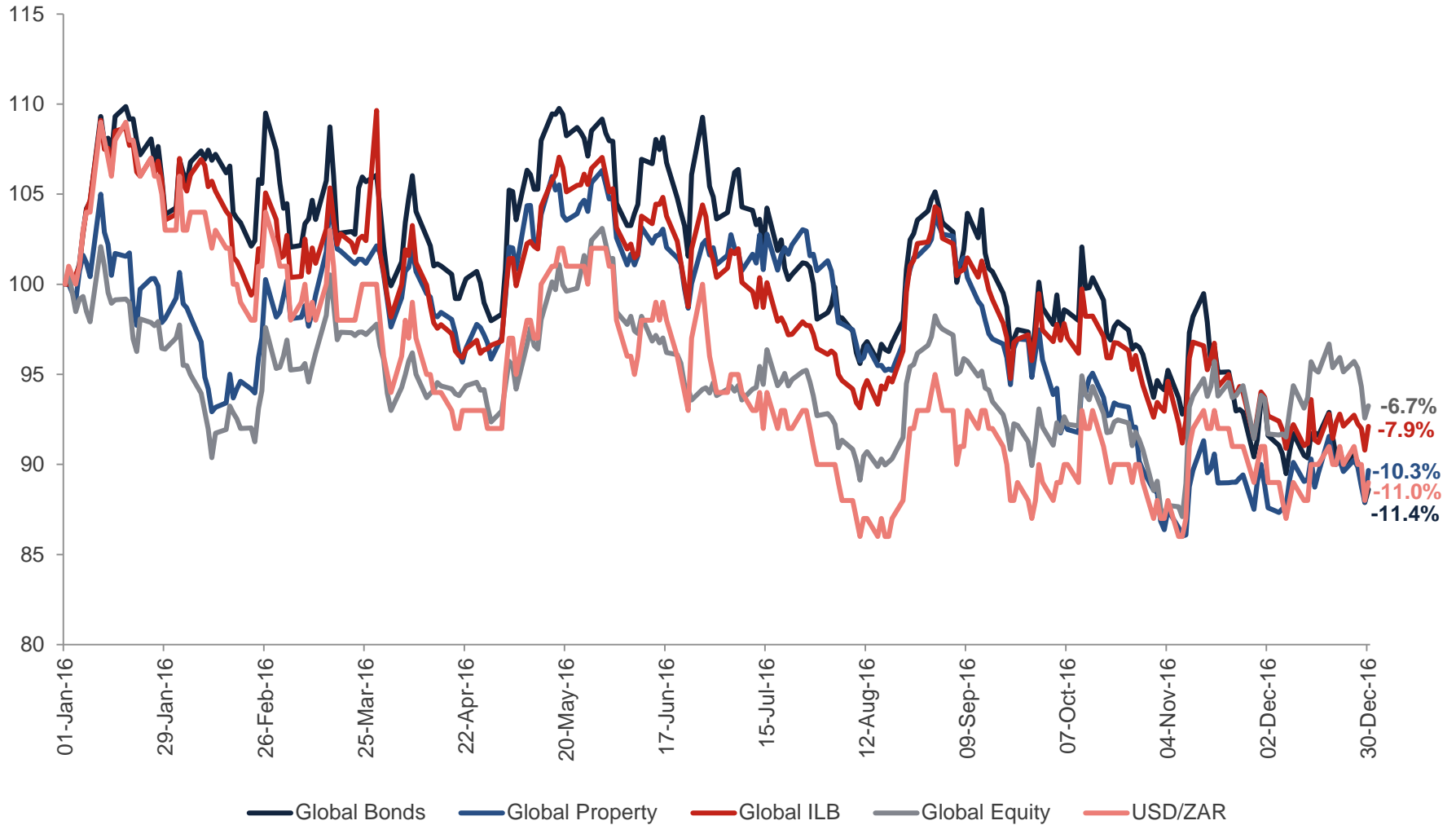
Source: INET BFA and Momentum Investments

*CPI is lagged by one month due to availability of inflation data

All returns in rand terms

Global asset classes

One year to December 2016

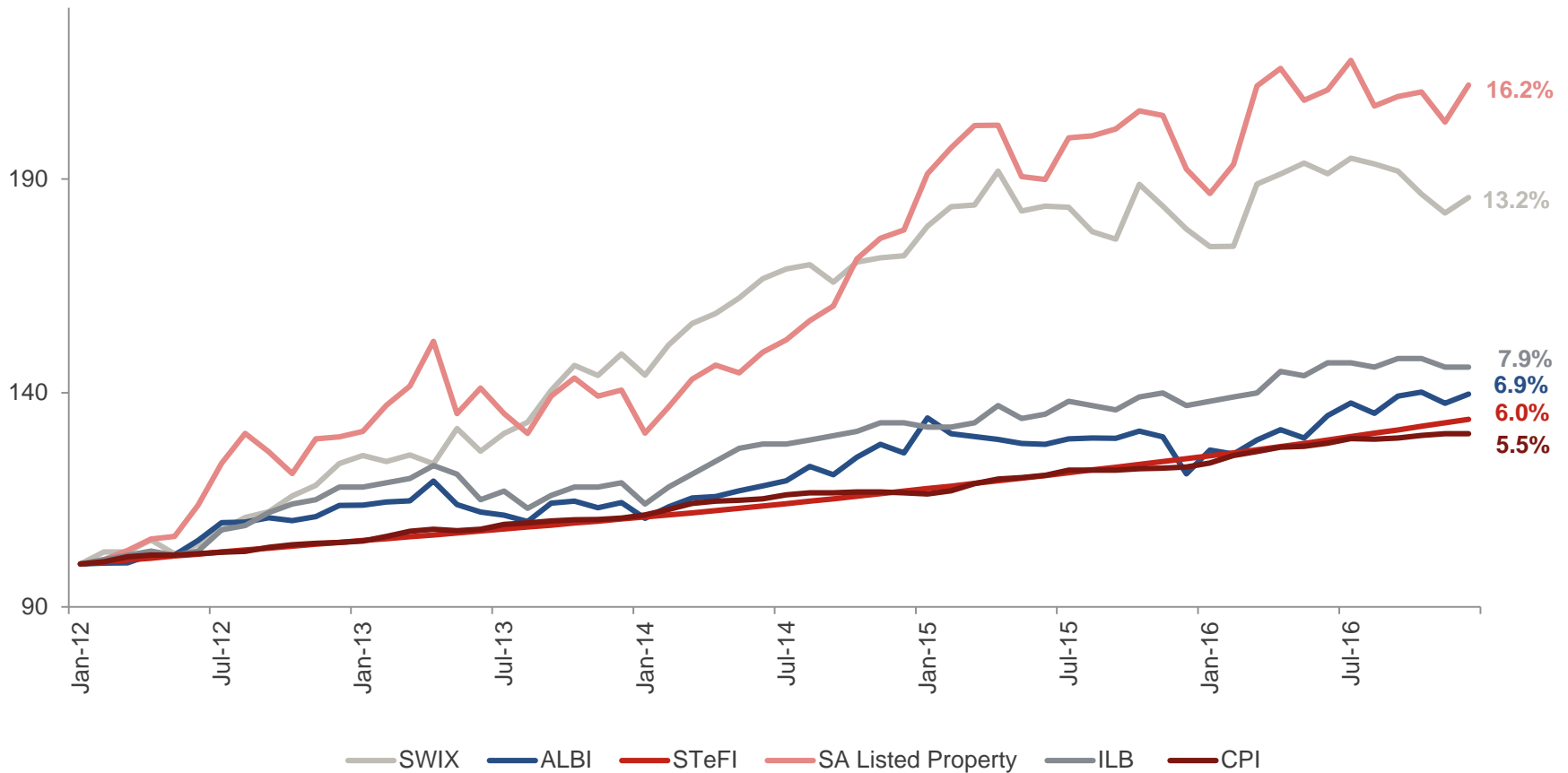


Source: INET BFA and Momentum Investments

All returns in rand terms

Local asset classes

Five years to December 2016



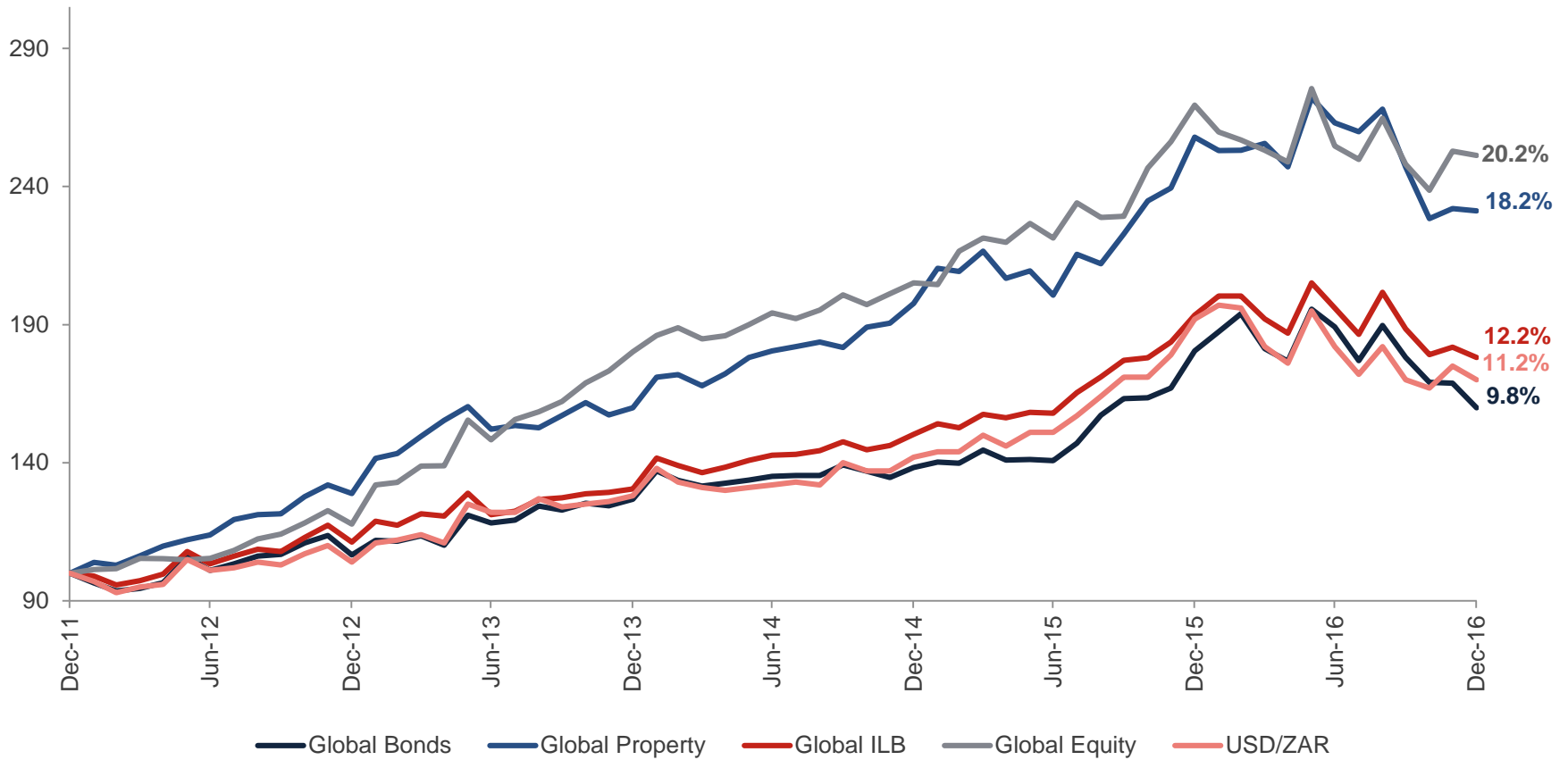
The FTSE/JSE SA Listed Property and the FTSE/JSE SWIX remained in the lead for the five-year period. All the depicted asset classes ended the period ahead of inflation* (five-year inflation was 5.5%).

Source: INET BFA and Momentum Investments

*CPI is lagged by one month due to availability of inflation data

Global asset classes

Five years to December 2016



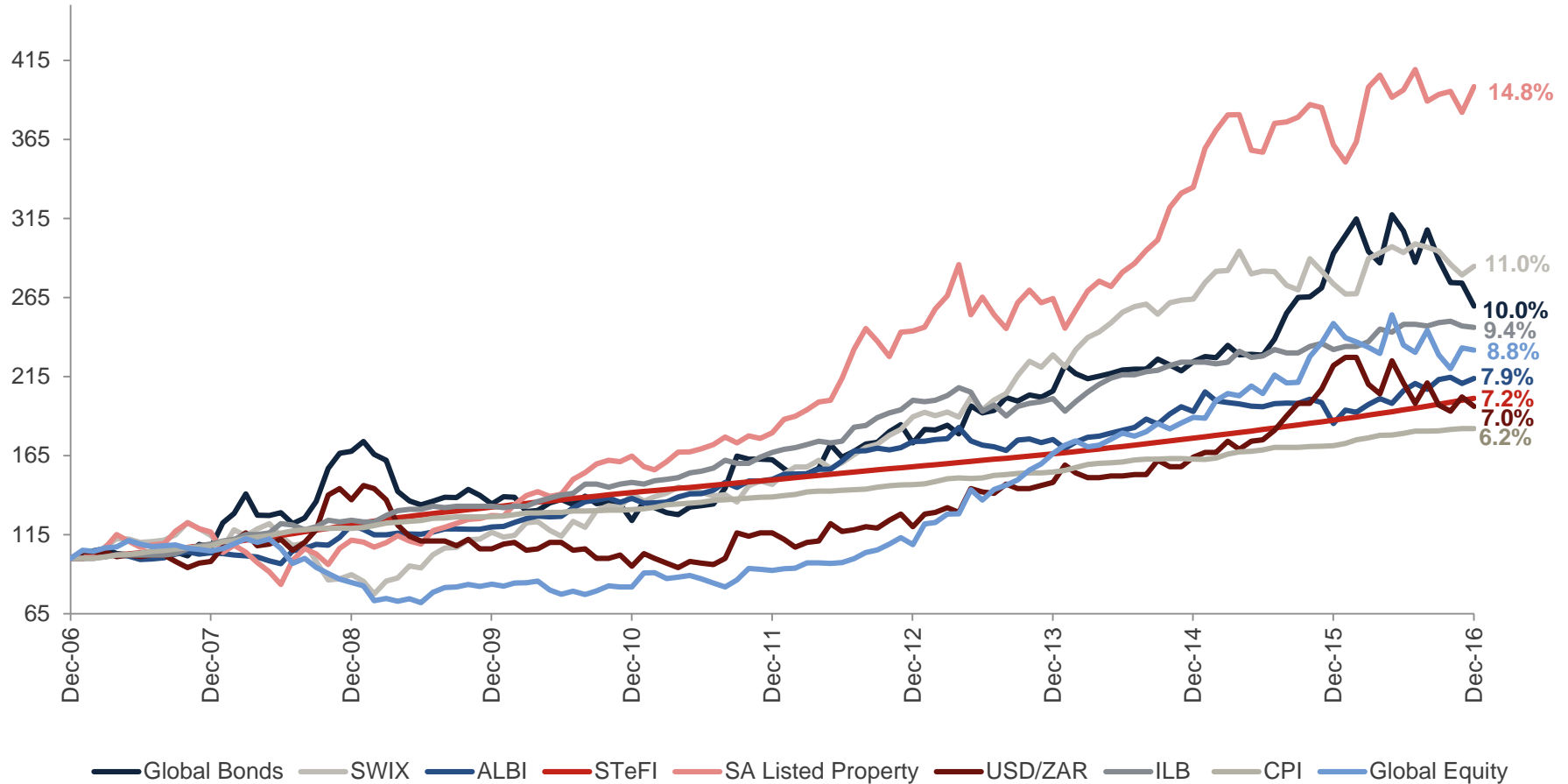
Global equity had the best return for the five-year period, with 20.2%, followed by global property with 18.2%

Source: INET BFA and Momentum Investments

All returns in rand terms

Asset classes

Ten years to December 2016



For the 10-year period to December 2016, the FTSE/JSE SA Listed Property continued to outperform, followed by the SWIX and Global Bonds

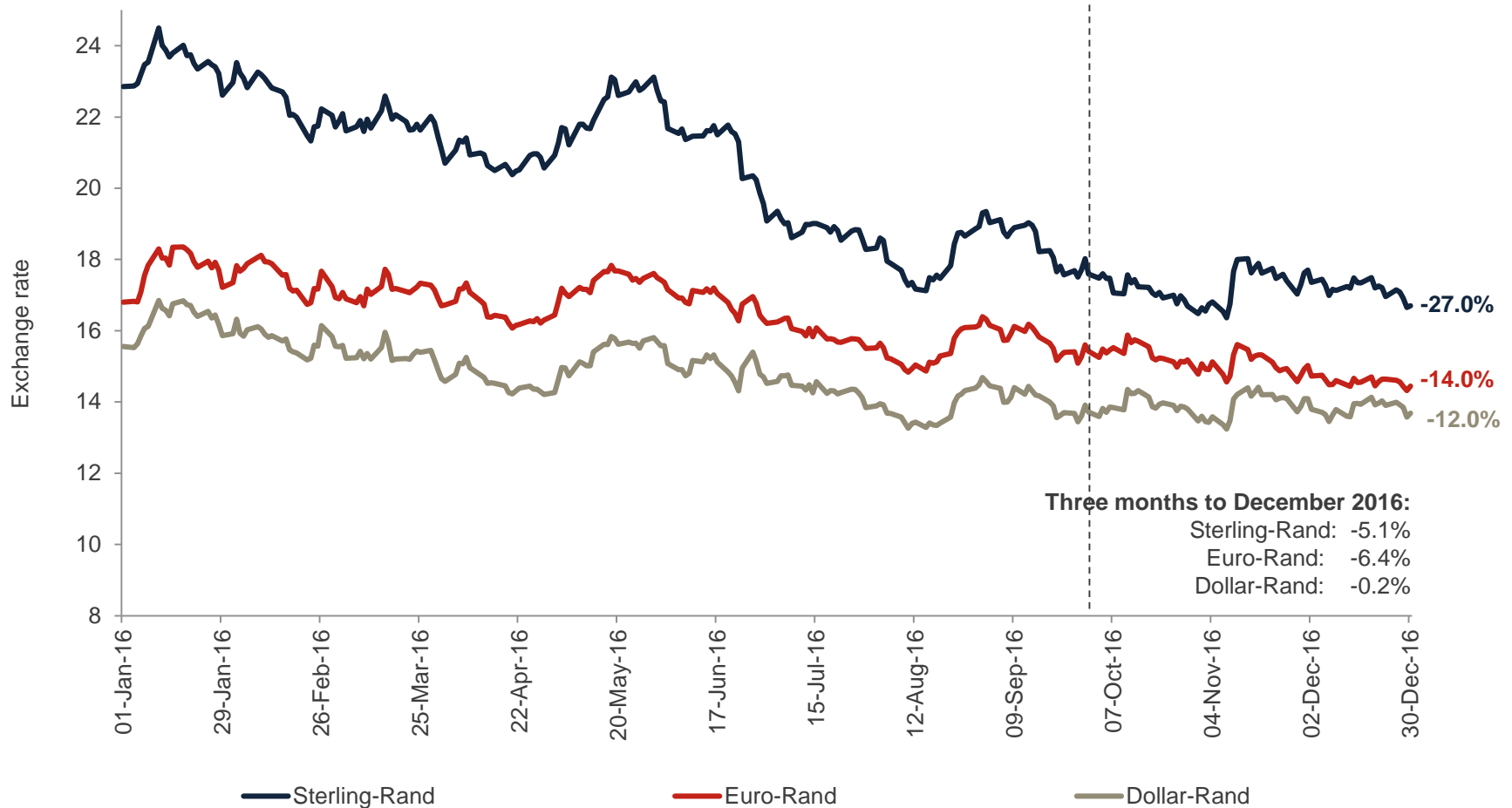
Source: INET BFA and Momentum Investments

*CPI is lagged by one month due to availability of inflation data

All returns in rand terms

Exchange rates

One year to December 2016

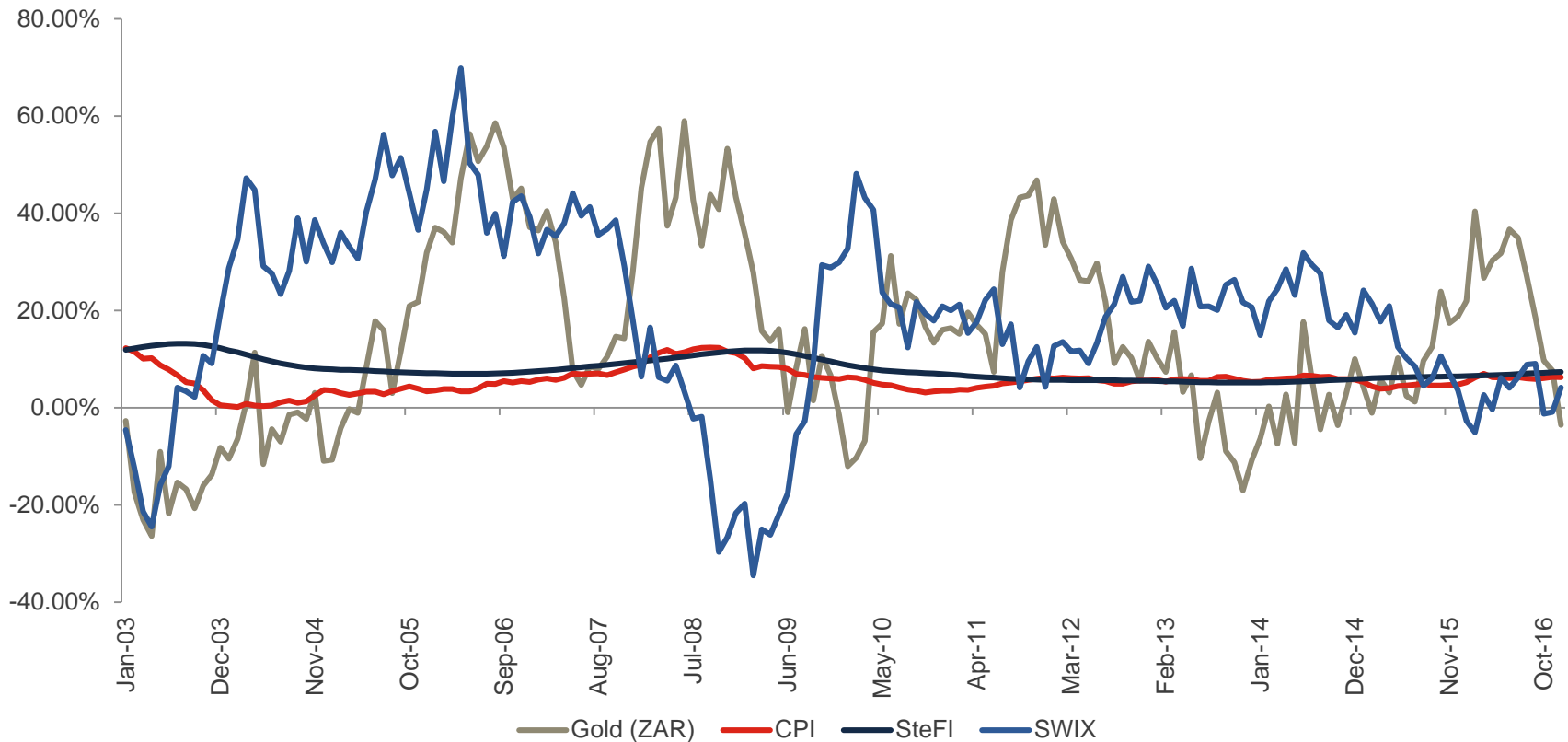


The rand appreciated against all currencies for the last three-month and one-year period

Source: INET BFA and Momentum Investments

Gold (rands), FTSE/JSE SWIX, CPI, SteFI

One-year rolling returns to December 2016



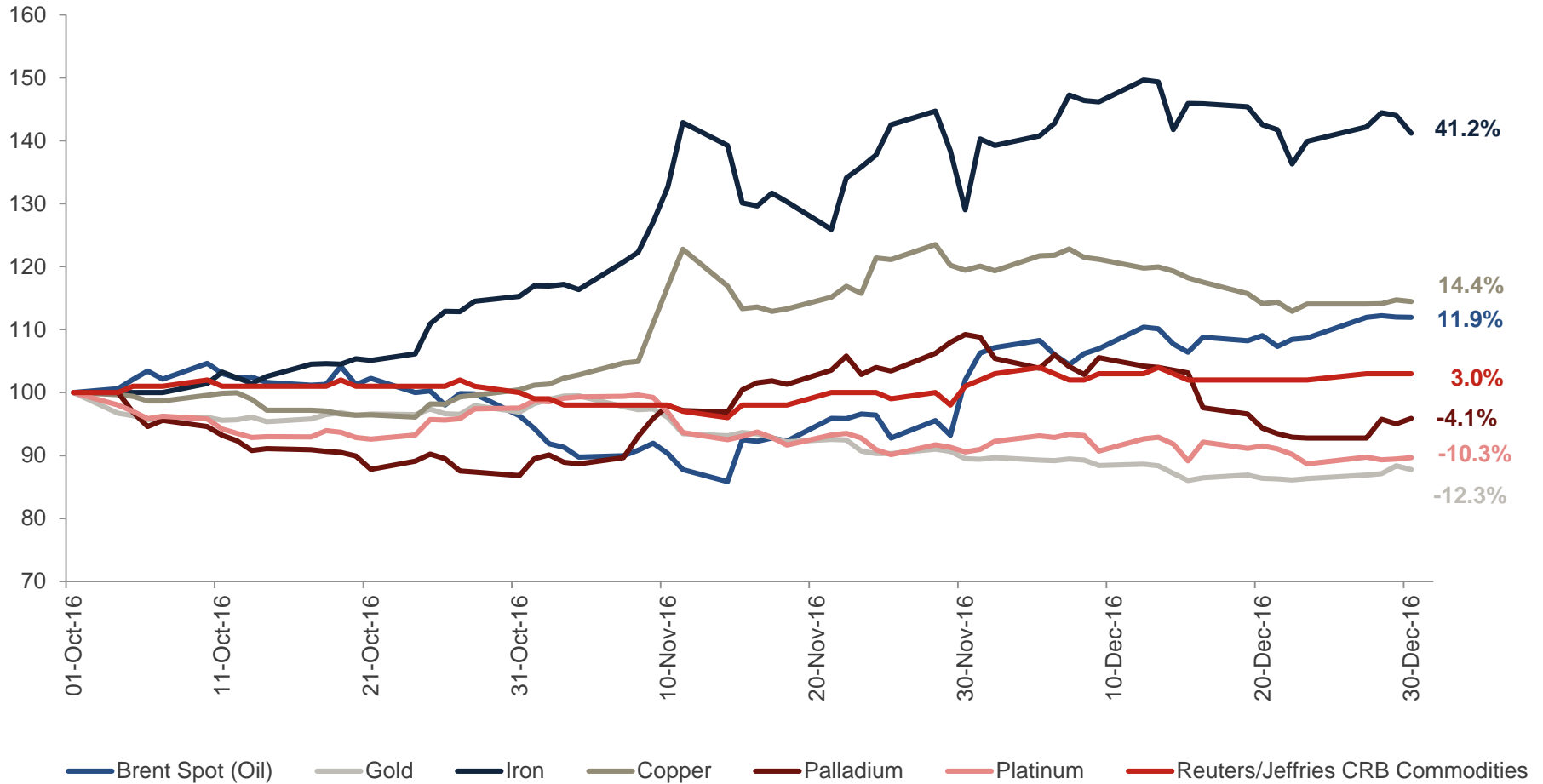
Returns from the gold price in rand terms for the one-year rolling period are showing their diversification benefits compared with equities. The returns were higher than those of the equity market for November 2016. However, to end December, the inverse happened.

Source: INET BFA and Momentum Investments

*CPI is lagged by one month due to availability of inflation data

Commodities

Three months to December 2016



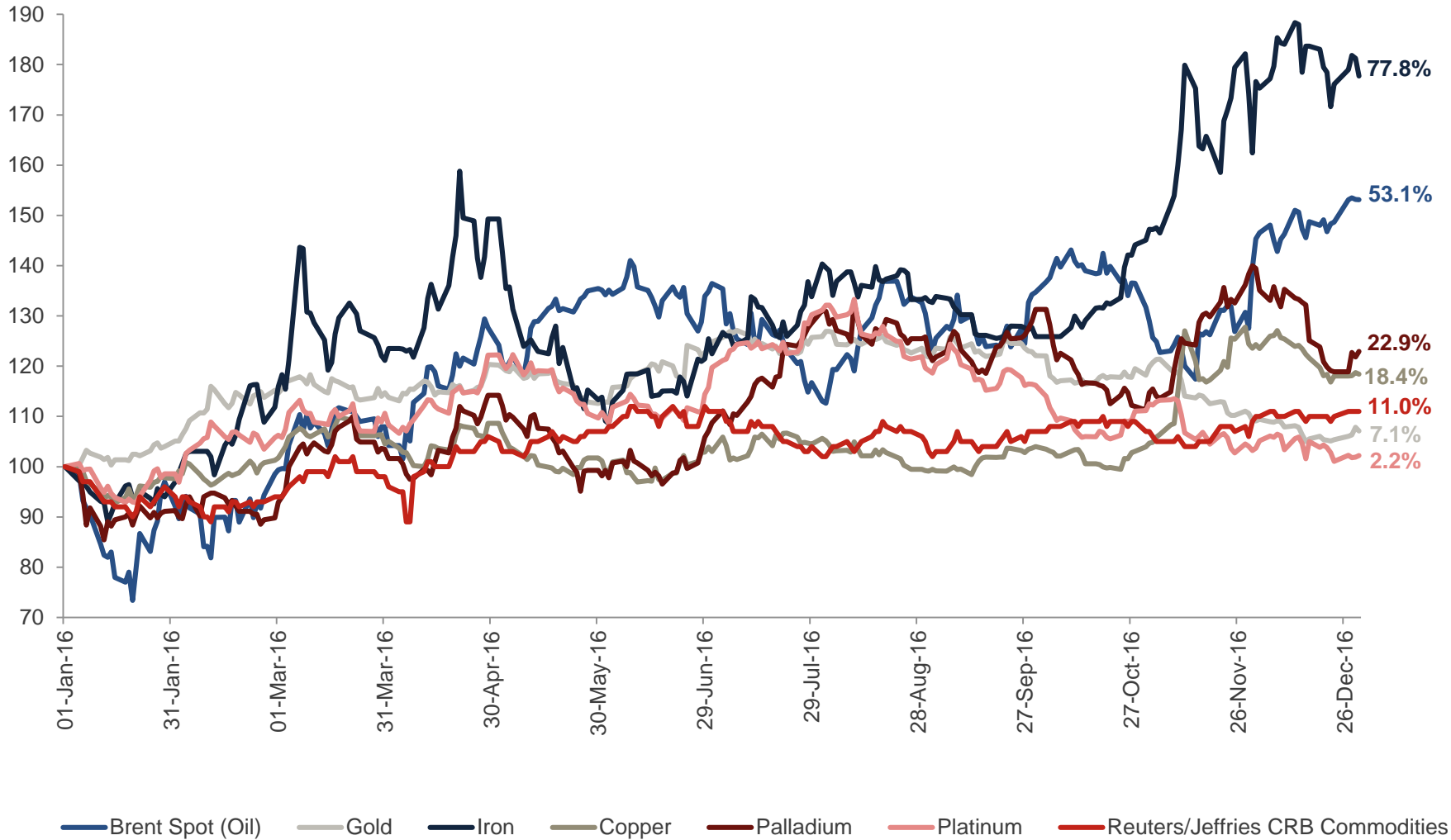
Copper and Iron ore were the best-performing commodities for the last three months

Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms

Commodities

One year to December 2016

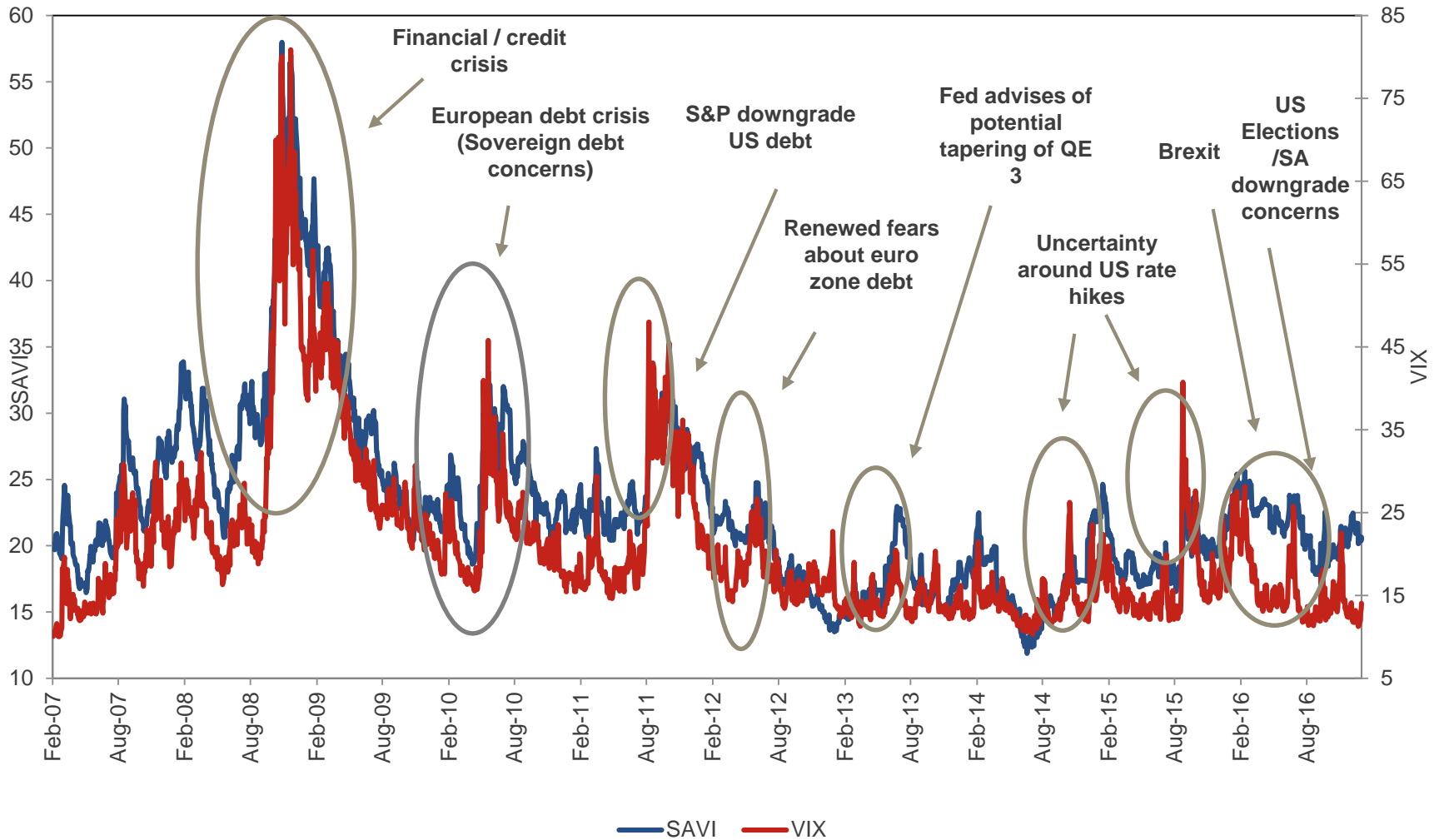


Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms

SAVI-VIX

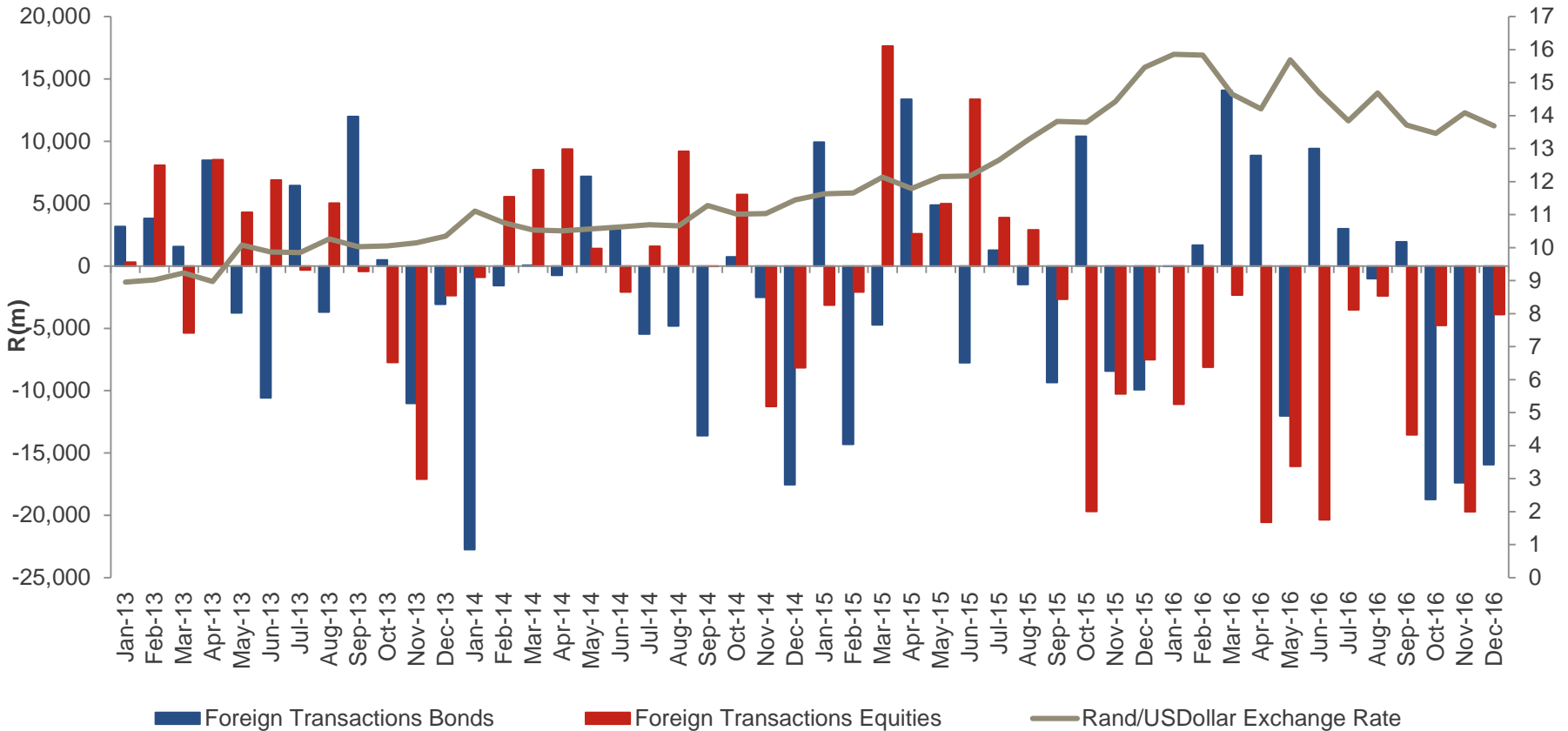
Since February 2007 to December 2016



Source: INET BFA and Momentum Investments

Foreign transactions

2013 to 2016



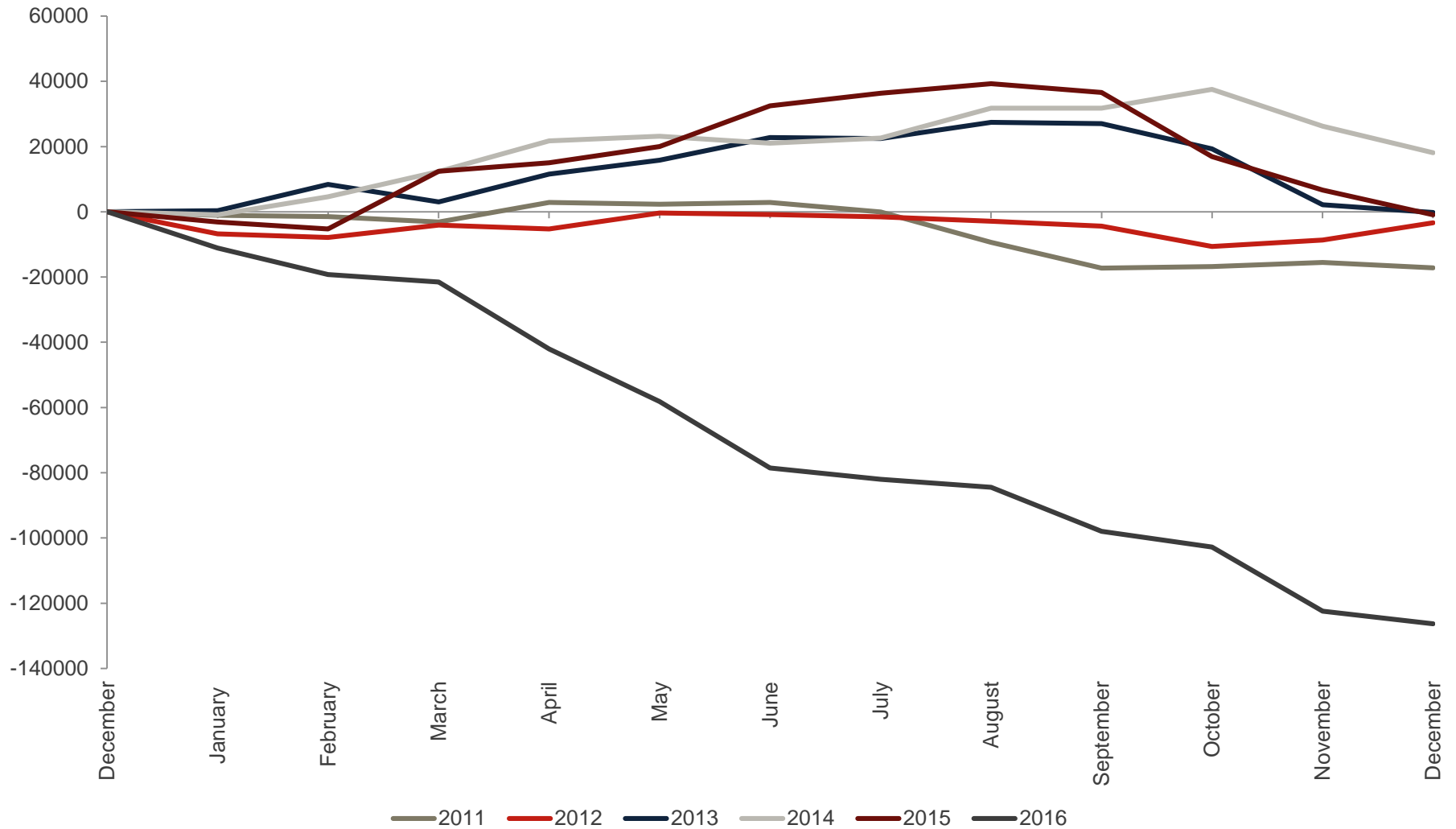
There have been mixed results over the years. However, for December 2016 net outflows have taken place for bonds and equities.

Source: INET BFA and Momentum Investments

Cumulative foreign transaction equities

2011 to 2016

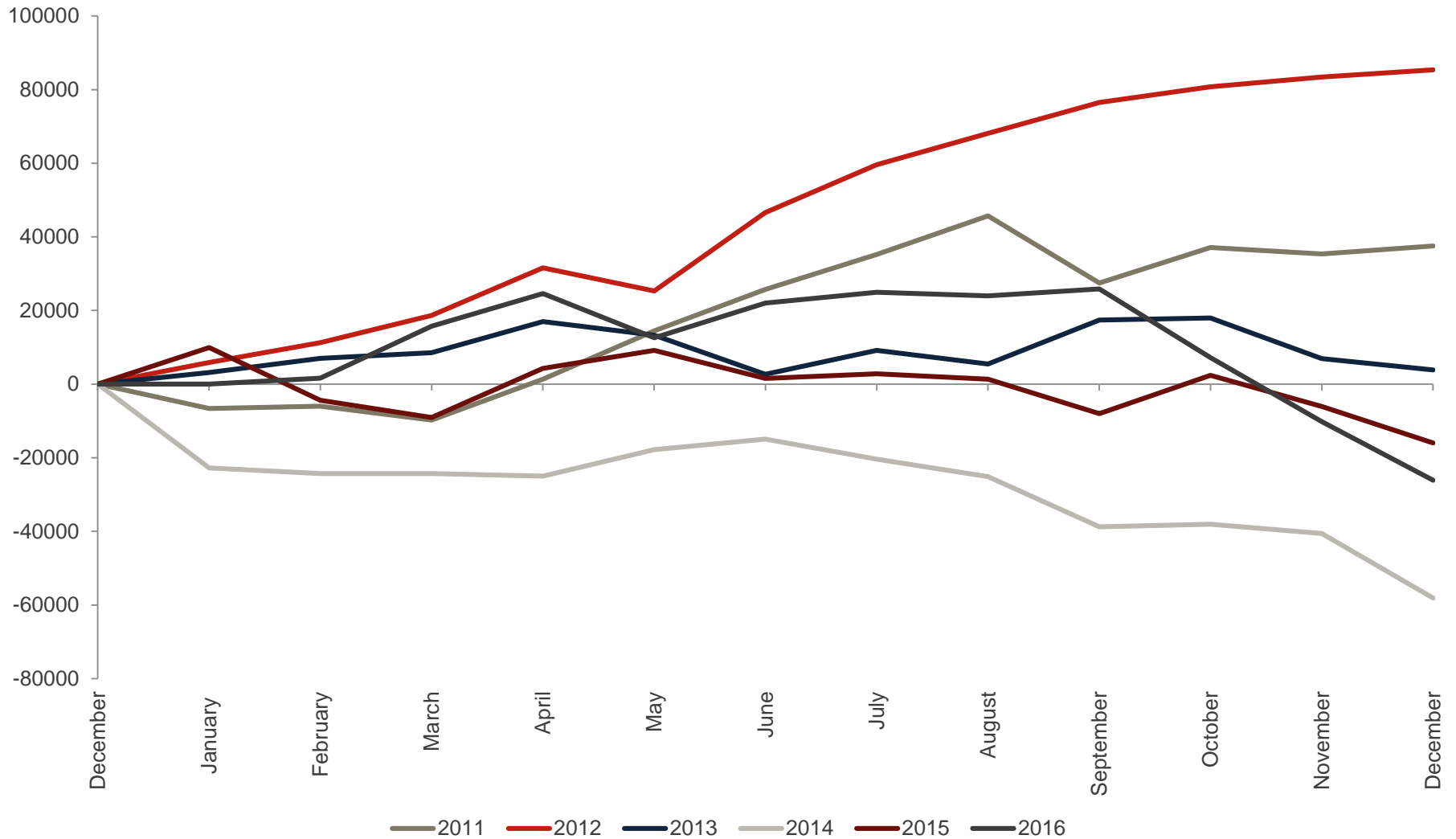
m



Source: INET BFA and Momentum Investments

Cumulative foreign transaction bonds 2011 to 2016

m



Source: INET BFA and Momentum Investments

End of key market performance drivers monthly charts for December 2016



Thank you

Disclaimer



1. Sources: Momentum Investments (Pty) Ltd, INET BFA, www.msci.com, www.yieldbook.com, www.ft.com.
2. Returns for periods exceeding one year are annualised.
3. The return for Consumer Price Index (CPI) is to the end of the previous month. Due to the reweighting of the CPI from January 2009, this number reflects a compound of month-on-month CPI returns. The historical numbers used are the official month-on-month numbers based on a composite of the previous inflation series (calculations before January 2009) and the revised inflation series (calculations after January 2009).
4. The MSCI World index (All Countries) returns are adjusted to correspond with global investment prices received.
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