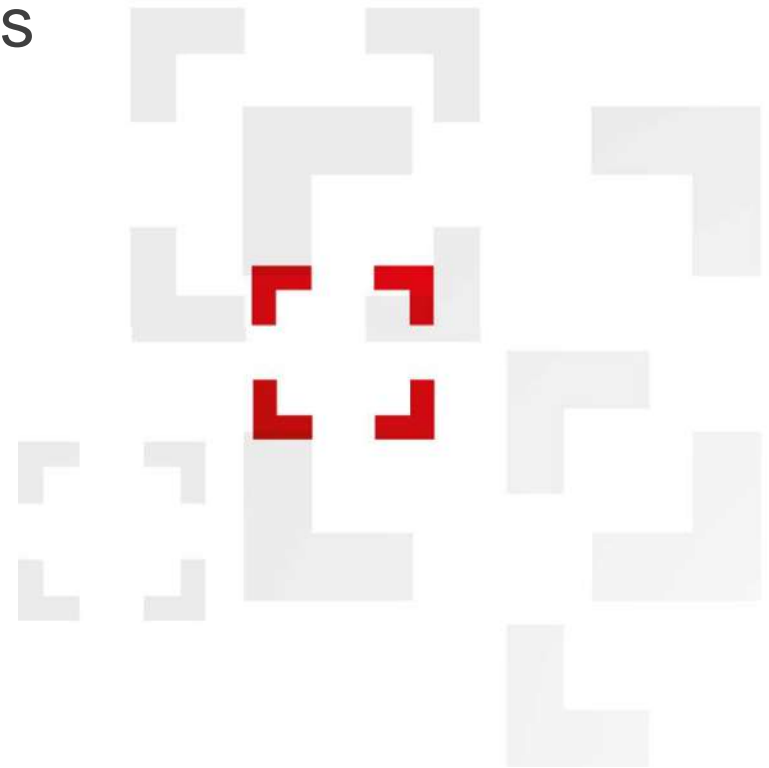


# Key market performance drivers

## Monthly charts

February 2016



# Market returns concentration

One-year returns ending:



## February-16

	SAB	
	BATS	
	NASPERS-N-	
	STEINHOFF	
<b>Top 5</b>	BRAIT	<b>284%</b>
<b>Top 6</b>	SIBANYE	<b>311%</b>
	ANGGOLD	
	BIDVEST	
	NEPI	
<b>Top 10</b>	RESILIENT	<b>359%</b>
	SASOL	
	SAPPI	
	HARMONY	
	REINET	
	VODACOM	
	MONDI PLC	
	MONDI LTD	
	GFIELDS	
	PSG	
<b>Top 20</b>	CAPITEC	<b>420%</b>
<b>Remaining</b>	(Positive)	<b>30%</b>
<b>Negative</b>	(91 Shares)	<b>-350%</b>

## January-16

	NASPERS-N-	
	SAB	
	BATS	
	STEINHOFF	
<b>Top 5</b>	BRAIT	<b>157%</b>
<b>Top 6</b>	WOOLIES	<b>163%</b>
	OLDMUTUAL	
	MONDI PLC	
	MONDI LTD	
<b>Top 10</b>	NEPI	<b>184%</b>
	FORTRESSB	
	SAPPI	
	CAPCO	
	CAPITEC	
	PSG	
	RESILIENT	
	MEDCLIN	
	REINET	
	VODACOM	
<b>Top 20</b>	BIDVEST	<b>213%</b>
<b>Remaining</b>	(Positive)	<b>22%</b>
<b>Negative</b>	(92 Shares)	<b>-135%</b>

## December-15

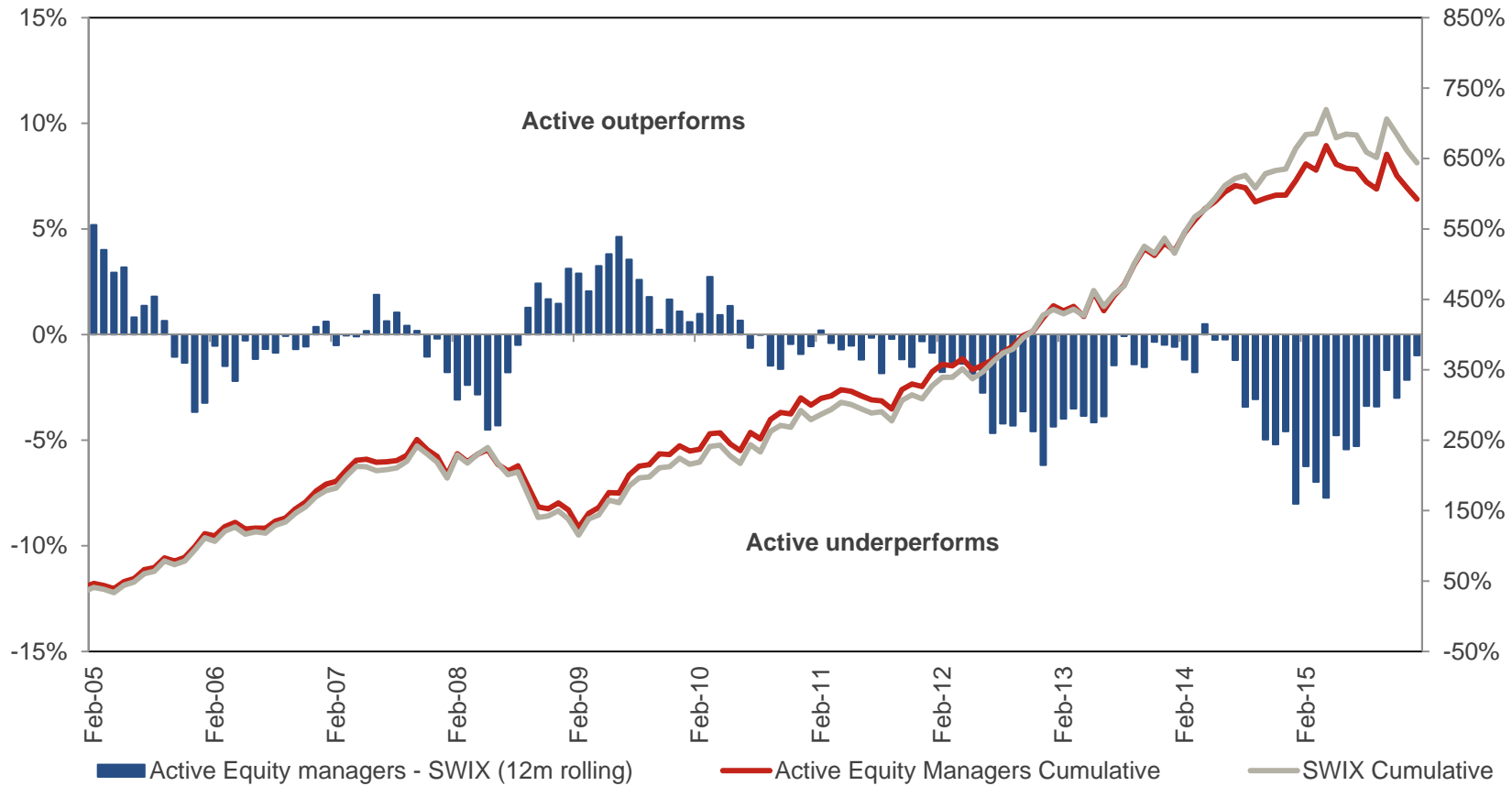
	NASPERS-N-	
	SAB	
	BATS	
	STEINHOFF	
<b>Top 5</b>	BRAIT	<b>93%</b>
<b>Top 6</b>	WOOLIES	<b>97%</b>
	OLDMUTUAL	
	MONDI PLC	
	MONDI LTD	
<b>Top 10</b>	NEPI	<b>109%</b>
	FORTRESSB	
	SAPPI	
	CAPCO	
	CAPITEC	
	PSG	
	RESILIENT	
	MEDCLIN	
	REINET	
	VODACOM	
<b>Top 20</b>	BIDVEST	<b>129%</b>
<b>Remaining</b>	(Positive)	<b>16%</b>
<b>Negative</b>	(72 Shares)	<b>-45%</b>

Market-cap weighted returns: 10 shares contributed 359% to the return of the SWIX, while 20 shares contributed 420%

Source: Barra, Deutsche Securities and Momentum Investments

# Active-index analysis

One-year rolling active to January\* 2016



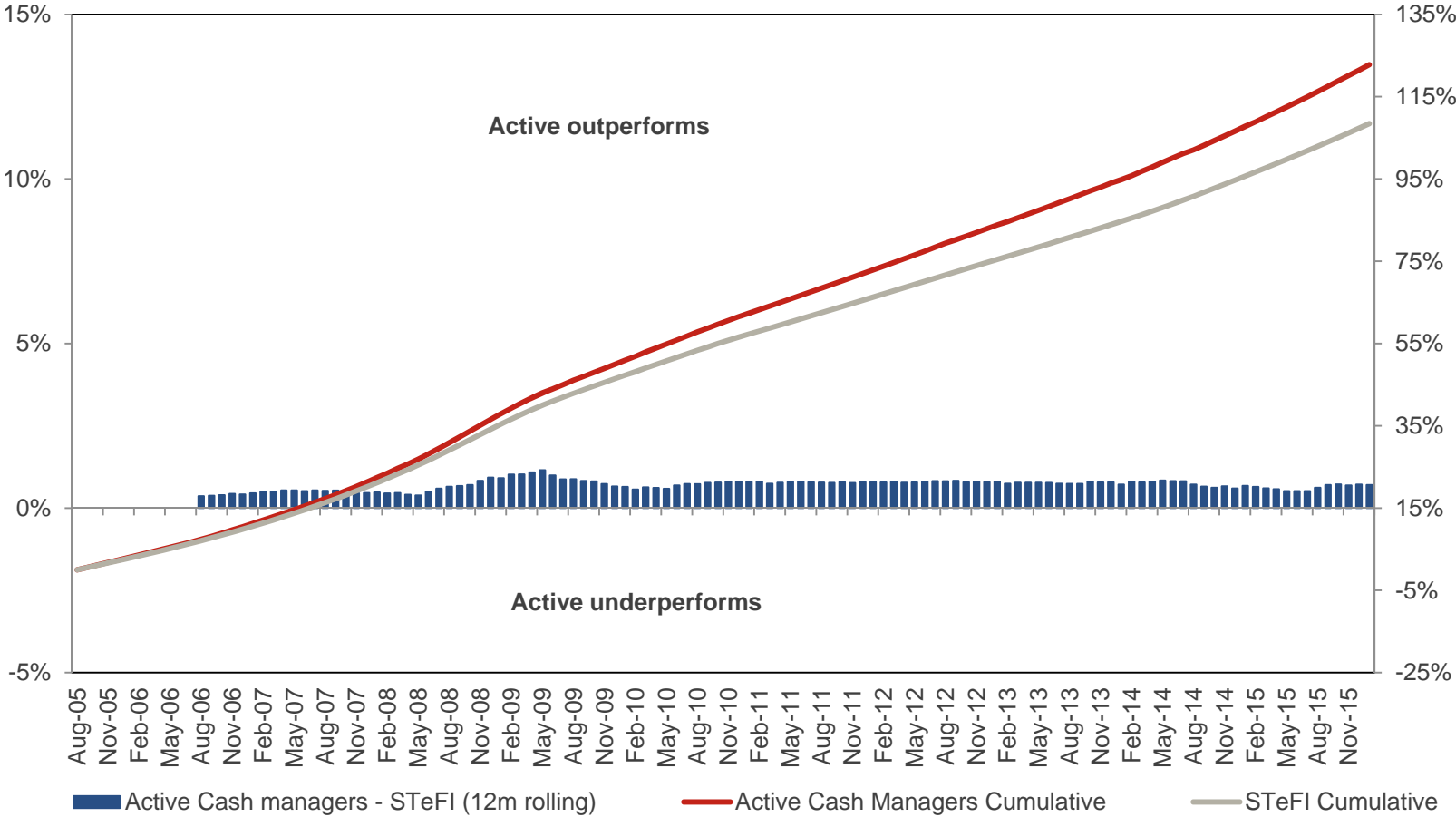
The average of the active equity managers underperformed the SWIX for the year ended January 2016

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 (lagged by one month)

One-year rolling average to January\* 2016

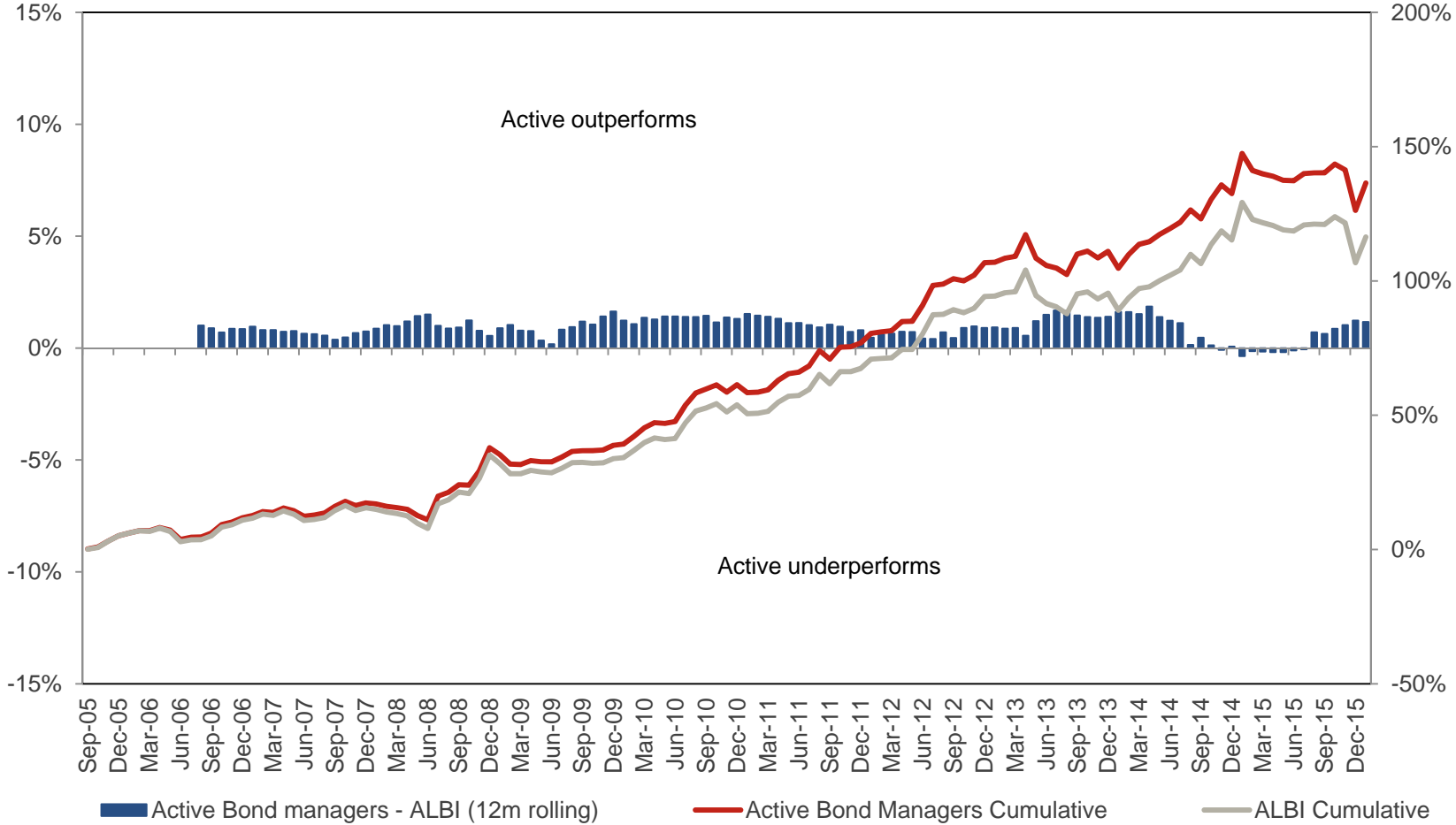


Source: Alexander Forbes S.A. Money Market Manager Watch™ Survey, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data

# Active versus tracker: Bonds (lagged by one month)

## One-year rolling average to January\* 2016

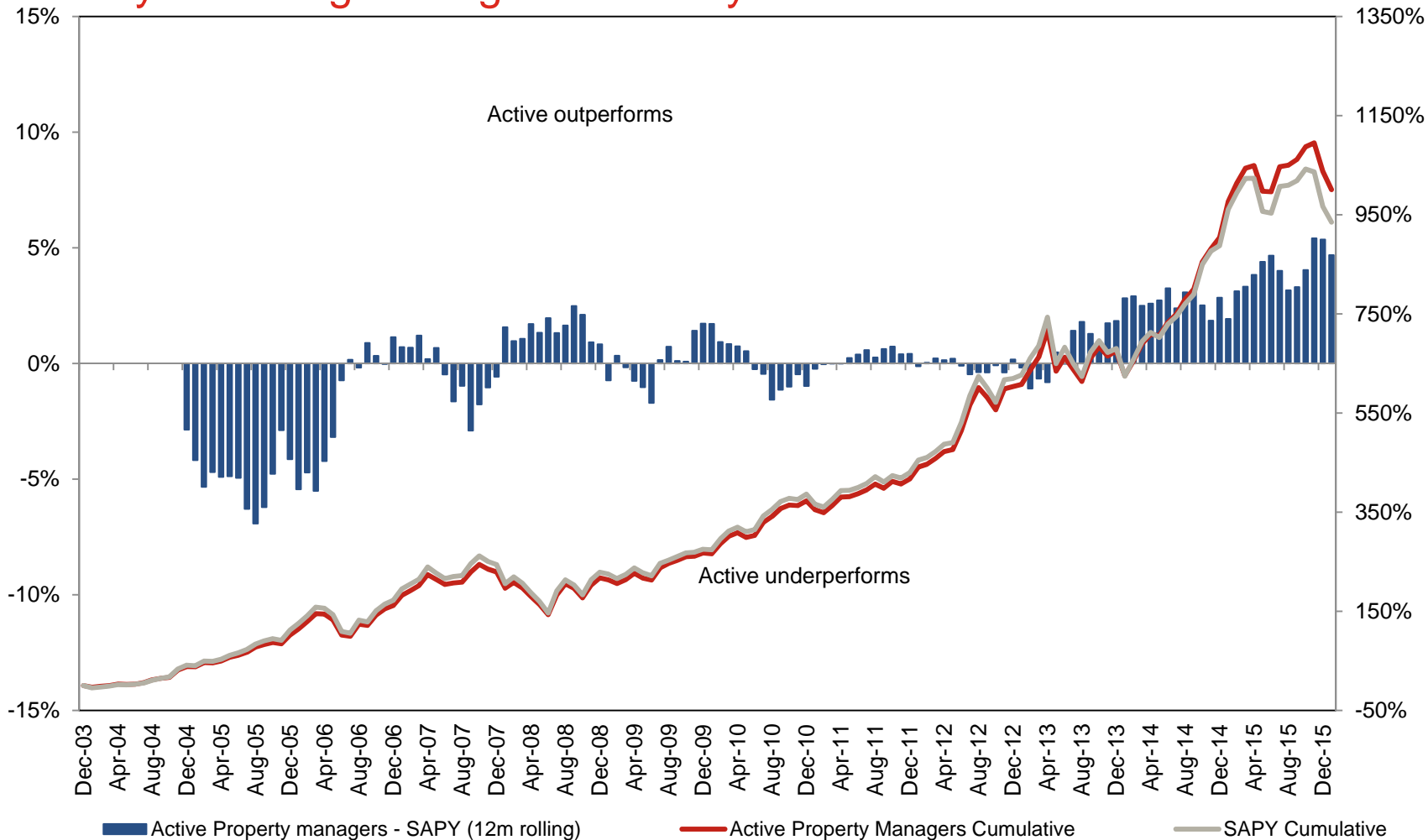


Source: Alexander Forbes S.A Bond Manager Watch™ Survey, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data

# Active versus tracker: Property (lagged by one month)

## One-year rolling average to January\* 2016



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 January 2016



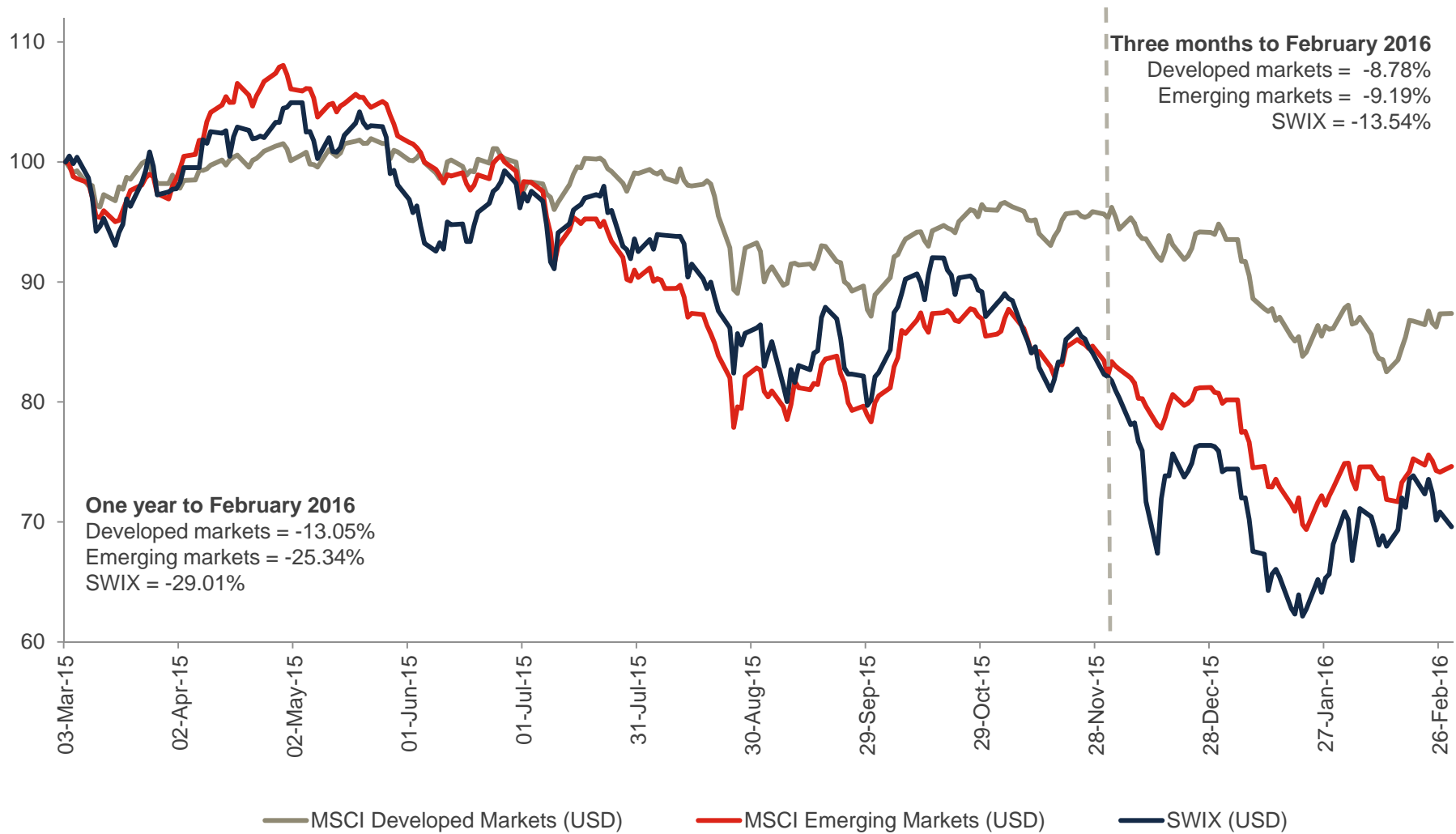
ZAR	Styles	One month to January 2016	Three months to January 2016	One year to January 2016	Three years to January 2016	Five years to January 2016	Ten years to January 2016	Twenty years to January 2016
Value	Book to Price	4.88	6.14	-4.61	-3.81	-5.47	-2.18	2.09
	Dividend Yield	2.00	0.32	-12.45	-4.96	-4.26	0.82	3.44
	Earnings Yield	-2.53	-5.13	-17.16	-6.52	-3.27	-1.51	2.62
	Cash Flow Yield	3.42	3.55	-8.51	-5.64	-1.04	-1.94	2.37
	Sales to Price	3.83	0.64	-10.92	-6.27	-4.12	-3.16	1.99
Quality	ROE	-4.79	-3.63	-4.79	-2.09	1.95	0.62	-1.72
	ROIC LT	-5.59	-3.56	-10.89	-5.98	-2.51	-1.66	-2.53
	Income to Sales	-0.30	0.90	-0.59	0.58	1.44	0.87	-0.71
	Low market beta	-0.43	7.14	15.70	7.87	4.80	-1.45	1.45
	Low Debt/Equity	0.81	-1.98	-2.21	-1.35	-1.47	-2.69	-1.26
	EBIT Margin Stability	-0.58	3.86	23.40	7.02	8.80	4.51	-0.38
Growth	Earnings Growth	-5.40	-3.61	-1.37	-1.06	0.82	-0.85	-1.31
	Sales Growth	-5.28	-2.67	2.93	0.86	3.41	1.41	0.27
	12M Earning Growth	0.81	-2.80	-0.46	0.89	-3.37	2.37	6.29
Momentum	FY1 Earnings Revisions	-2.94	-2.64	-0.79	8.23	8.26	10.71	8.83
	Short Term Momentum	4.34	12.73	9.26	2.79	2.39	-0.02	-1.41
	Medium Term Momentum	-5.31	0.16	13.98	11.26	10.46	6.53	7.32
Size	Size	2.57	1.24	-2.60	-0.88	0.73	0.68	-0.30

The January returns for value factors were good. There were strong returns for periods longer than a year from some of the momentum and quality factors.

Source: FactSet , Momentum Global Investment Management and Momentum Investments

# MSCI developed and emerging markets

One year to February 2016



Source: INET BFA, MSCI and Momentum Investments



# SA 10-year bond yields

Five years to February 2016



**SA 10-year bond yields increased by 19 bps in February 2016**

Source: INET BFA and Momentum Investments

# Yield of R197 (inflation-linked bond)

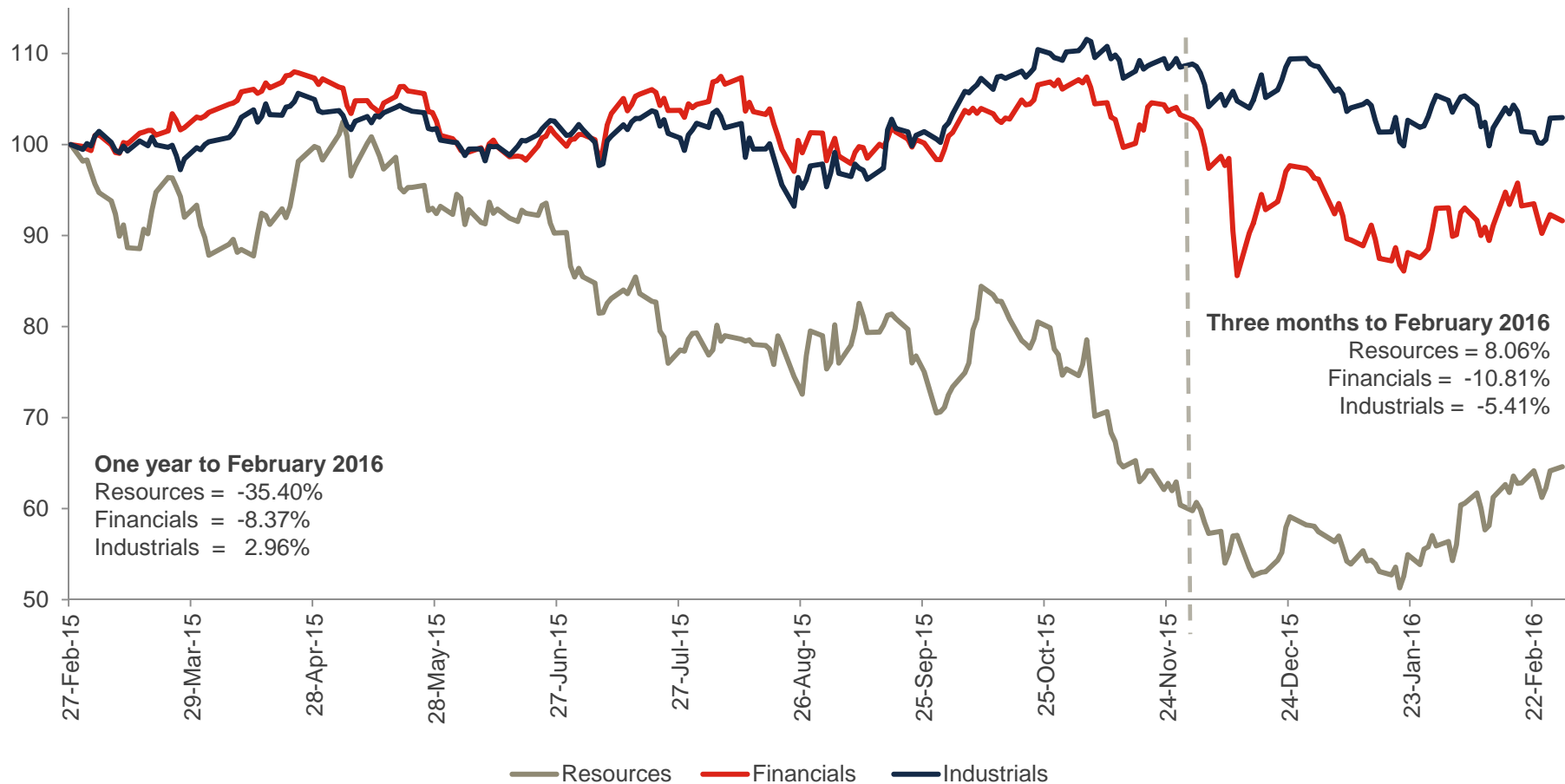
Since May 2001 to February 2016



**Inflation-linked bond yields ended marginally lower for February 2016**  
*Source: INET BFA and Momentum Investments*

# FTSE/JSE sectors

## One year to February 2016

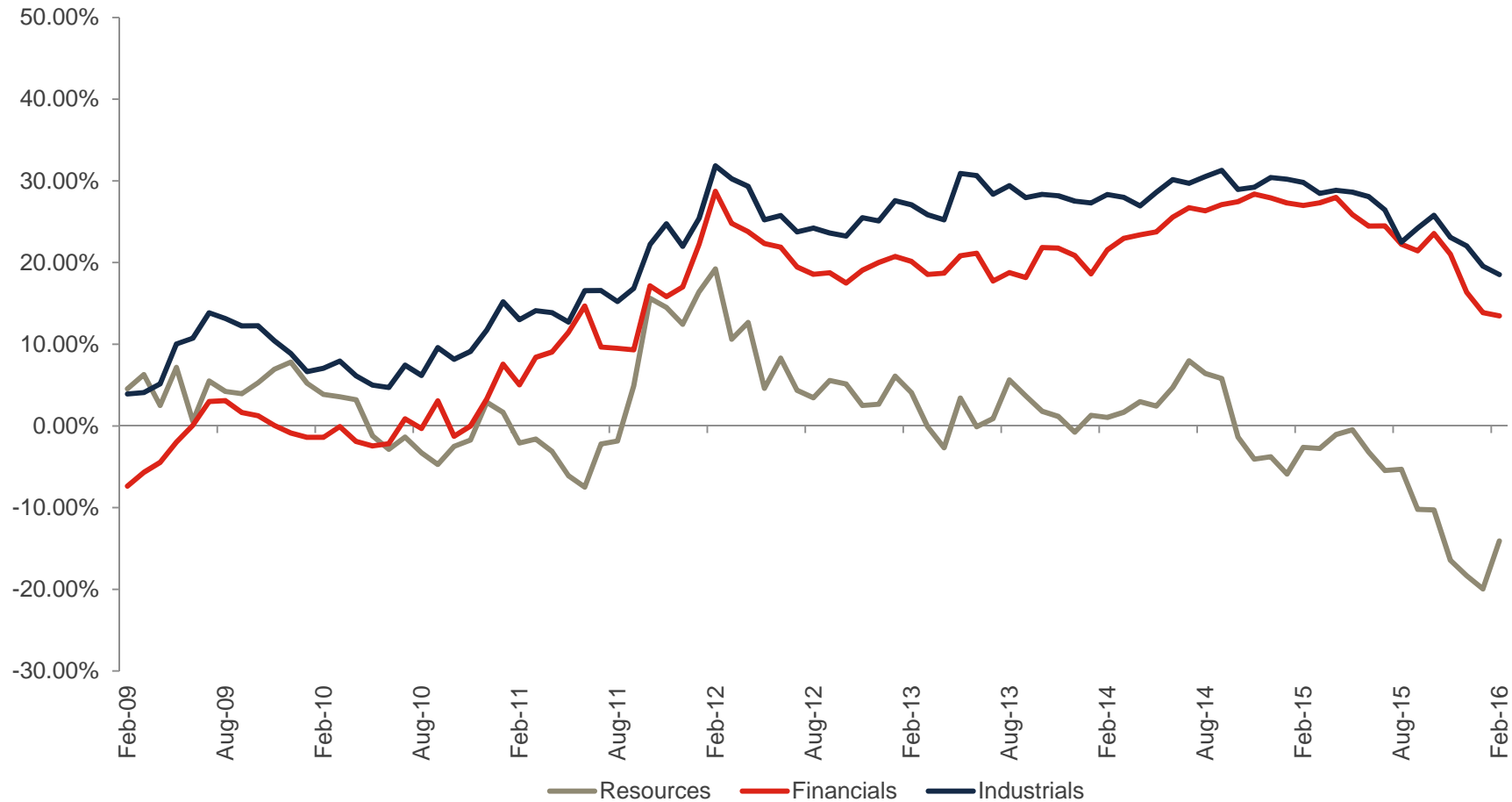


Industrials was the only sector that delivered positive returns for the one year ending February 2016. Resources had good returns over the last three months.

Source: INET BFA and Momentum Investments

# FTSE/JSE sectors

Rolling three-year return to February 2016



The three-year rolling picture has remained relatively unchanged since 2012, with Industrials ahead of Financials, while Resources continue to lag

Source: INET BFA and Momentum Investments

Returns are annualised

# FTSE/JSE sectors

Decomposed (three months to February 2016)



## Three months to February 2016

1	Gold Mining	Mining	134.0%	19	Real Estate Investment & Services	Financials	-7.6%
2	Industrial Metals	Basic Materials	60.7%	20	Software & Computer Services	Technology	-9.0%
3	Coal Mining	Mining	60.4%	21	Food Producers	Consumer Goods	-9.6%
4	Chemicals	Basic Materials	5.3%	22	Pharmaceuticals & Biotechnology	Health Care	-10.2%
5	Beverages	Consumer Goods	4.4%	23	General Financial	Financials	-11.6%
6	Tobacco	Consumer Goods	1.9%	24	Forestry & Paper	Basic Materials	-11.6%
7	Food & Drug Retailers	Consumer Services	1.7%	25	Banks	Financials	-11.9%
8	General Mining	Mining	0.6%	26	Industrial Transportation	Industrials	-12.0%
9	Household Goods	Consumer Goods	0.1%	27	Media	Consumer Services	-12.5%
10	Equity Investment Instruments	Financials	-2.5%	28	Construction & Materials	Industrials	-12.6%
11	Platinum Mining	Mining	-2.5%	29	Fixed Line Telecommunications	Telecommunication	-12.7%
12	Health Care Equipment & Services	Health Care	-3.1%	30	Automobiles & Parts	Consumer Goods	-13.3%
13	General Industrials	Industrials	-3.6%	31	General Retailers	Consumer Services	-13.7%
14	Non-life Insurance	Financials	-5.8%	32	Travel & Leisure	Consumer Services	-13.8%
15	Mobile Telecommunications	Telecommunication	-5.9%	33	Life Insurance	Financials	-15.1%
16	Electronic & Electrical Equipment	Industrials	-6.4%	34	Industrial Engineering	Industrials	-15.2%
17	Real Estate Investment Trusts	Financials	-6.4%	35	Support Services	Industrials	-25.5%
18	Personal Goods	Consumer Goods	-6.8%				

### Key

Resources

Financials

Industrials

Gold Mining, Industrial Metals and Coal Mining were by far the best-performing sector for the last three months

Source: Barra, Deutsche Securities and Momentum Investments

# FTSE/JSE sectors

## Decomposed (one year to February 2016)



### One year to February 2016

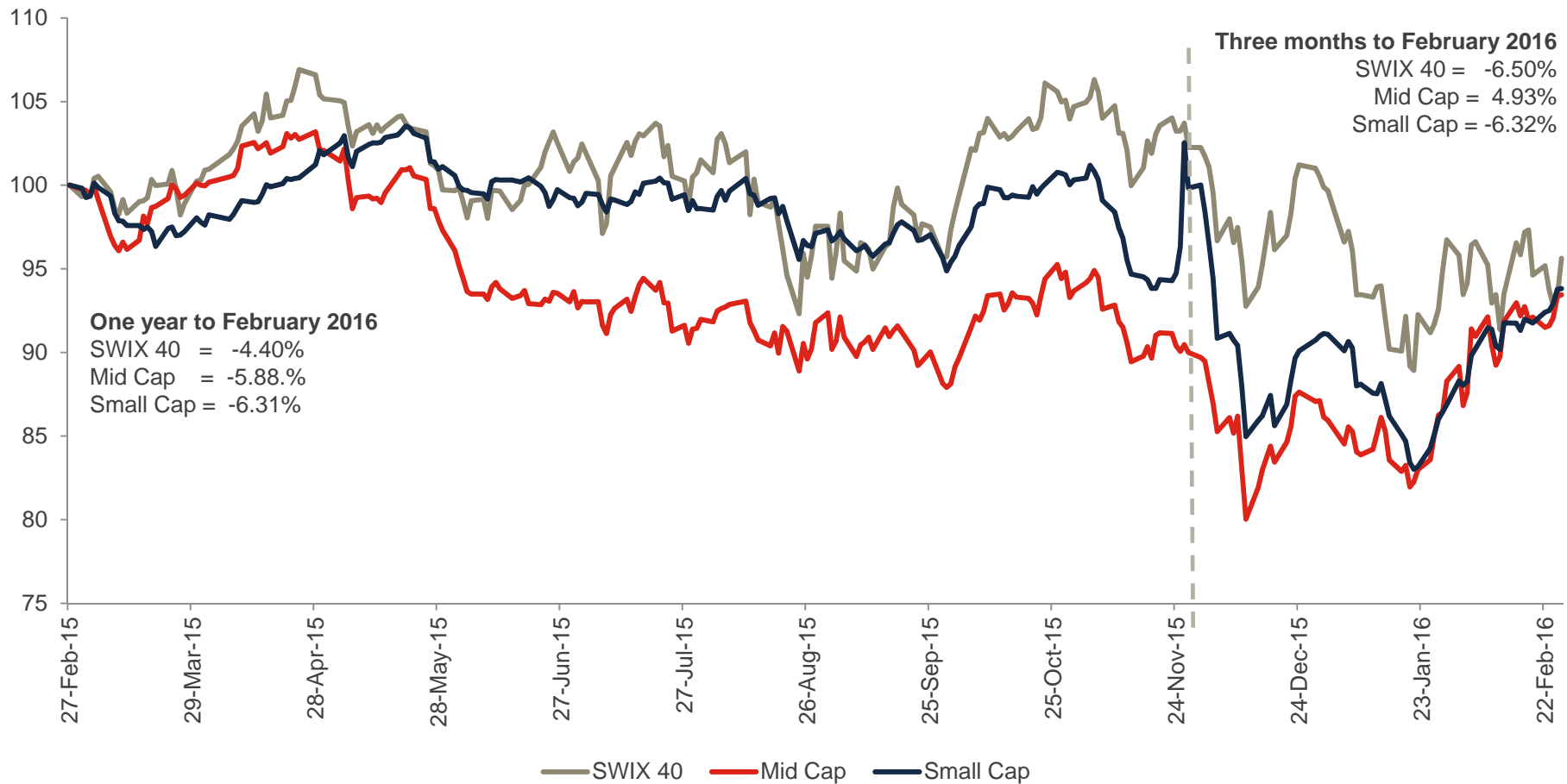
1	Gold Mining	Mining	52.0%	19	Food Producers	Consumer Goods	-15.5%
2	Beverages	Consumer Goods	41.0%	20	General Retailers	Consumer Services	-16.1%
3	Tobacco	Consumer Goods	32.5%	21	Electronic & Electrical Equipment	Industrials	-16.4%
4	Household Goods	Consumer Goods	28.4%	22	Banks	Financials	-18.9%
5	Forestry & Paper	Basic Materials	22.8%	23	Travel & Leisure	Consumer Services	-20.2%
6	Media	Consumer Services	10.3%	24	Mobile Telecommunications	Telecommunication	-25.0%
7	General Financial	Financials	9.4%	25	Industrial Transportation	Industrials	-27.8%
8	Real Estate Investment & Services	Financials	8.3%	26	Support Services	Industrials	-29.3%
9	Food & Drug Retailers	Consumer Services	-0.2%	27	Pharmaceuticals & Biotechnology	Health Care	-30.8%
10	Equity Investment Instruments	Financials	-0.4%	28	Fixed Line Telecommunications	Telecommunication	-31.4%
11	Chemicals	Basic Materials	-1.3%	29	Industrial Engineering	Industrials	-33.0%
12	Real Estate Investment Trusts	Financials	-1.7%	30	Construction & Materials	Industrials	-33.6%
13	Personal Goods	Consumer Goods	-2.4%	31	Automobiles & Parts	Consumer Goods	-34.6%
14	General Industrials	Industrials	-5.5%	32	Coal Mining	Mining	-34.7%
15	Software & Computer Services	Technology	-8.4%	33	General Mining	Mining	-41.0%
16	Non-life Insurance	Financials	-12.4%	34	Platinum Mining	Mining	-48.5%
17	Life Insurance	Financials	-13.3%	35	Industrial Metals	Basic Materials	-58.3%
18	Health Care Equipment & Services	Health Care	-13.5%				

**Key**  
 Resources  
 Financials  
 Industrials

Source: Barra, Deutsche Securities and Momentum Investments

# FTSE/JSE market caps

One year to February 2016

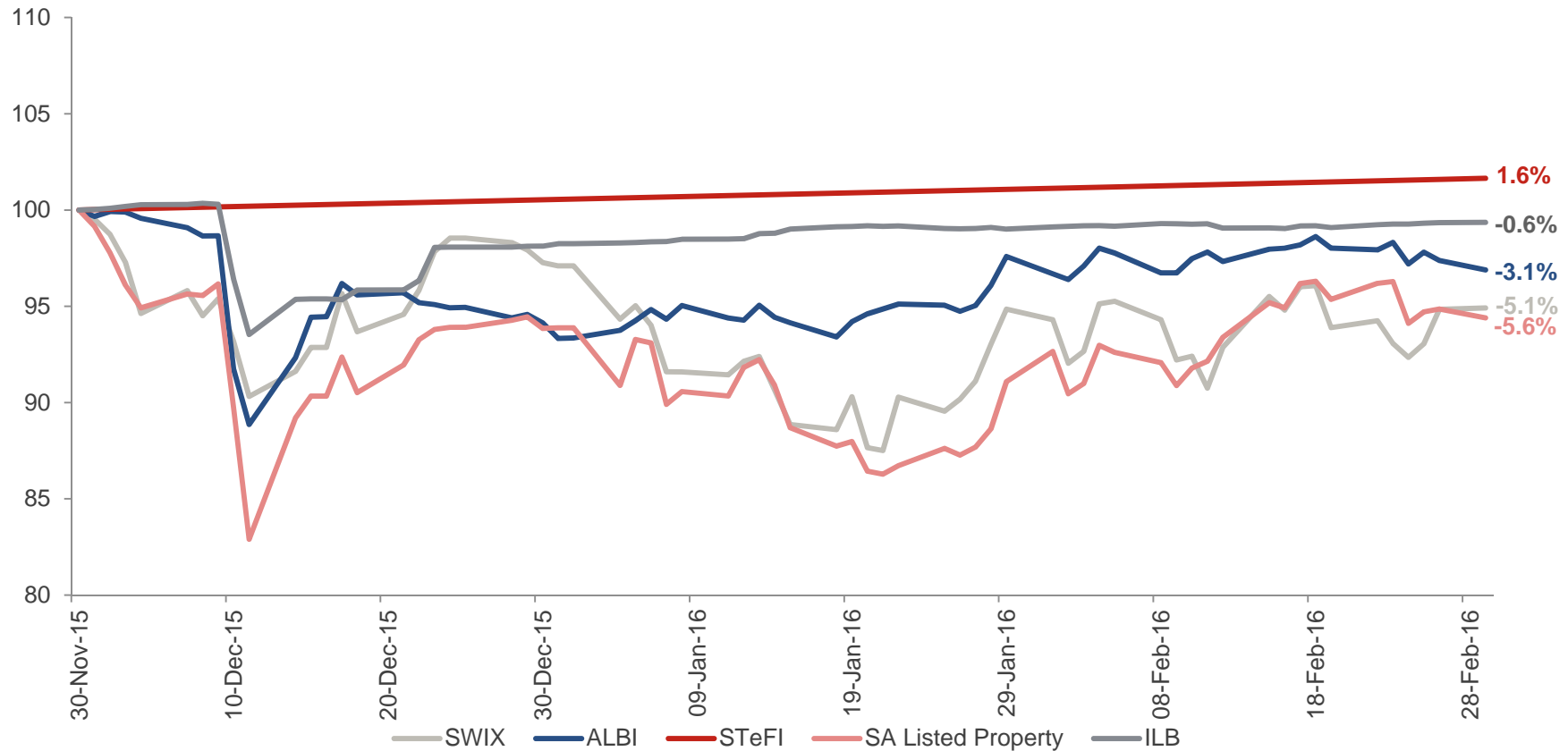


The SWIX 40, FTSE/JSE Mid-cap and Small-cap Index all declined for the year ending January 2016 by 4.40%, 5.88% and 6.31% respectively

*Source: INET BFA and Momentum Investments*

# Local asset classes

## Three months to February 2016



With rand weakness negatively affecting inflation and interest rate expectations, listed property (negative 5.6%) and local equities (negative 5.1%) were by far the worst-performing asset classes for the three months ending February 2016

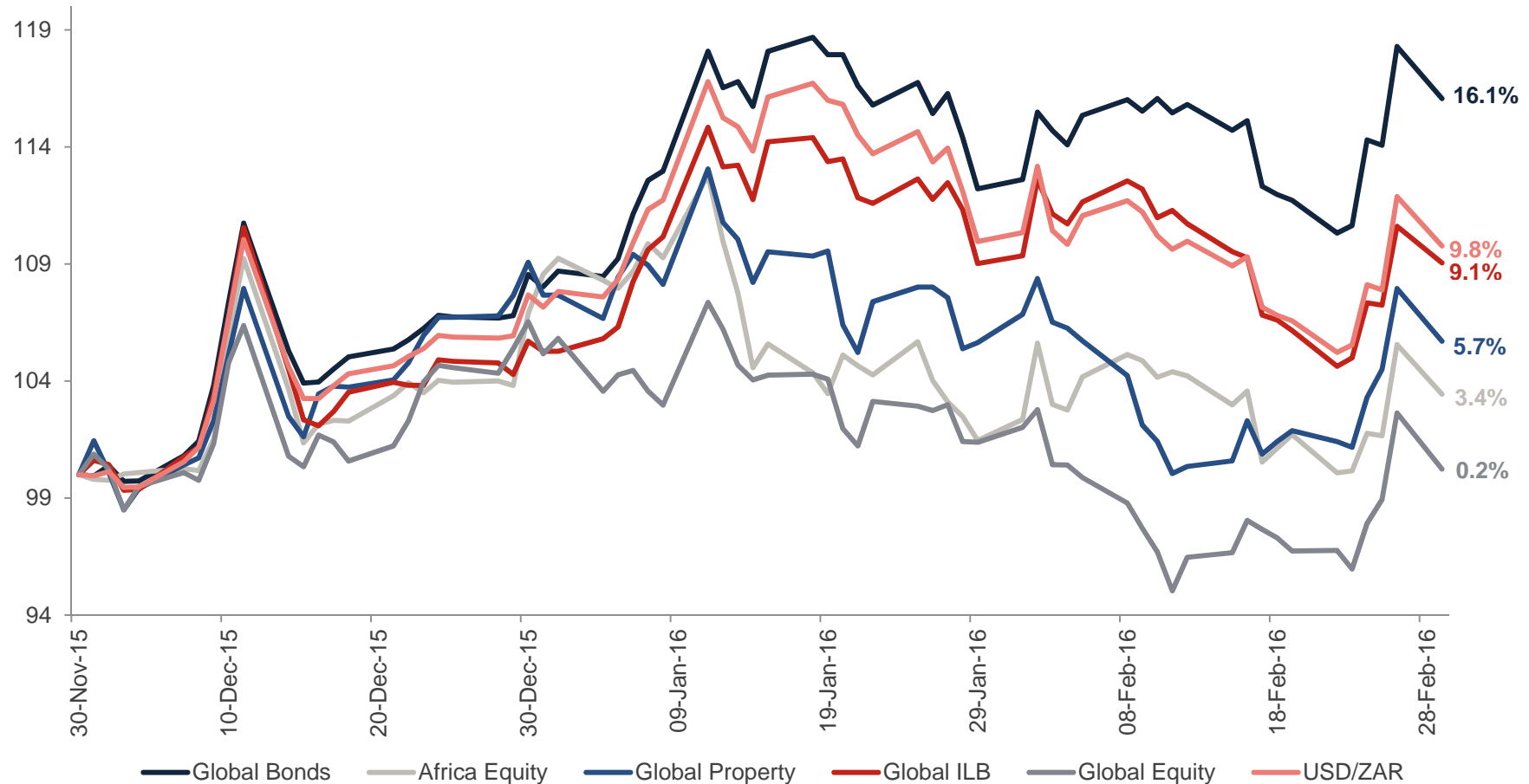
Source: INET BFA and Momentum Investments

All returns in rand terms



# Global asset classes

## Three months to February 2016

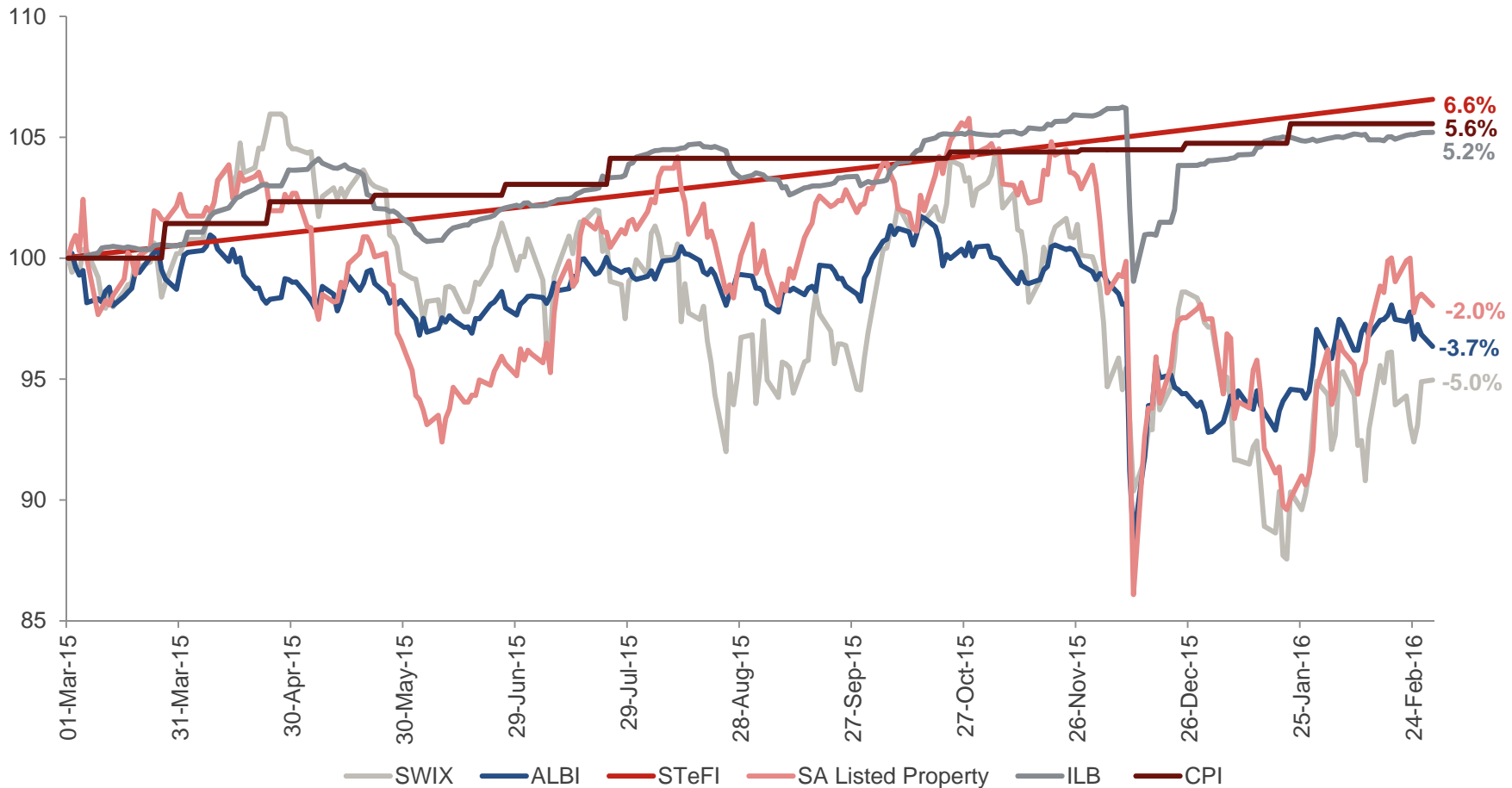


Global bonds had the best return for the quarter, followed by global inflation-linked bonds, with 16.1% and 9.1% respectively

Source: INET BFA and Momentum Investments All returns in rand terms

# Local asset classes

## One year to February 2016



All local asset classes underperformed cash for the year ending February 2016. Cash and ILBs delivered single-digit returns.

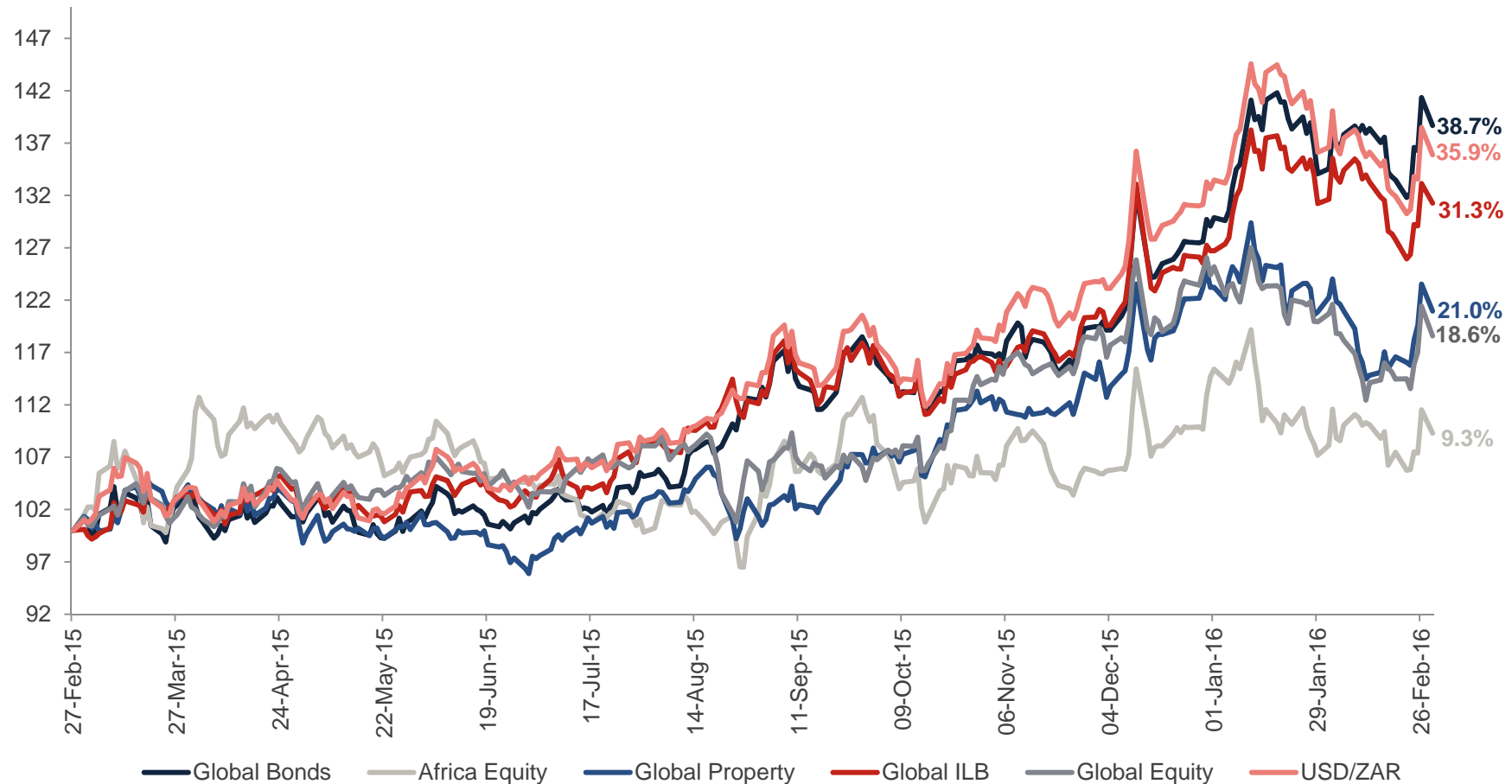
Source: INET BFA and Momentum Investments

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

All returns in rand terms

# Global asset classes

## One year to February 2016



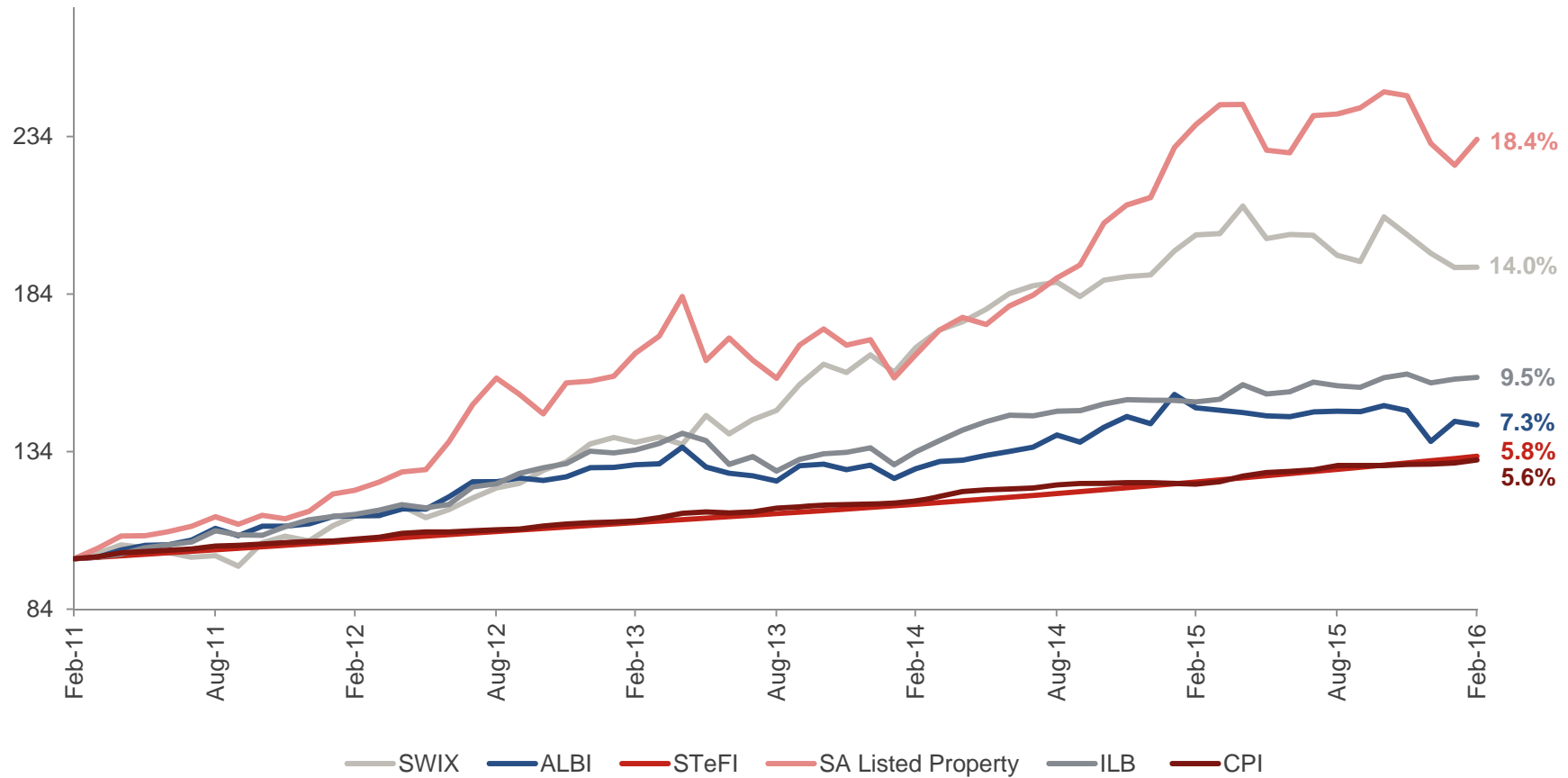
Africa equity returns were affected by an increase in global market volatility, strong US dollar as well as concerns around the Chinese economy

Source: INET BFA and Momentum Investments

All returns in rand terms

# Local asset classes

## Five years to February 2016



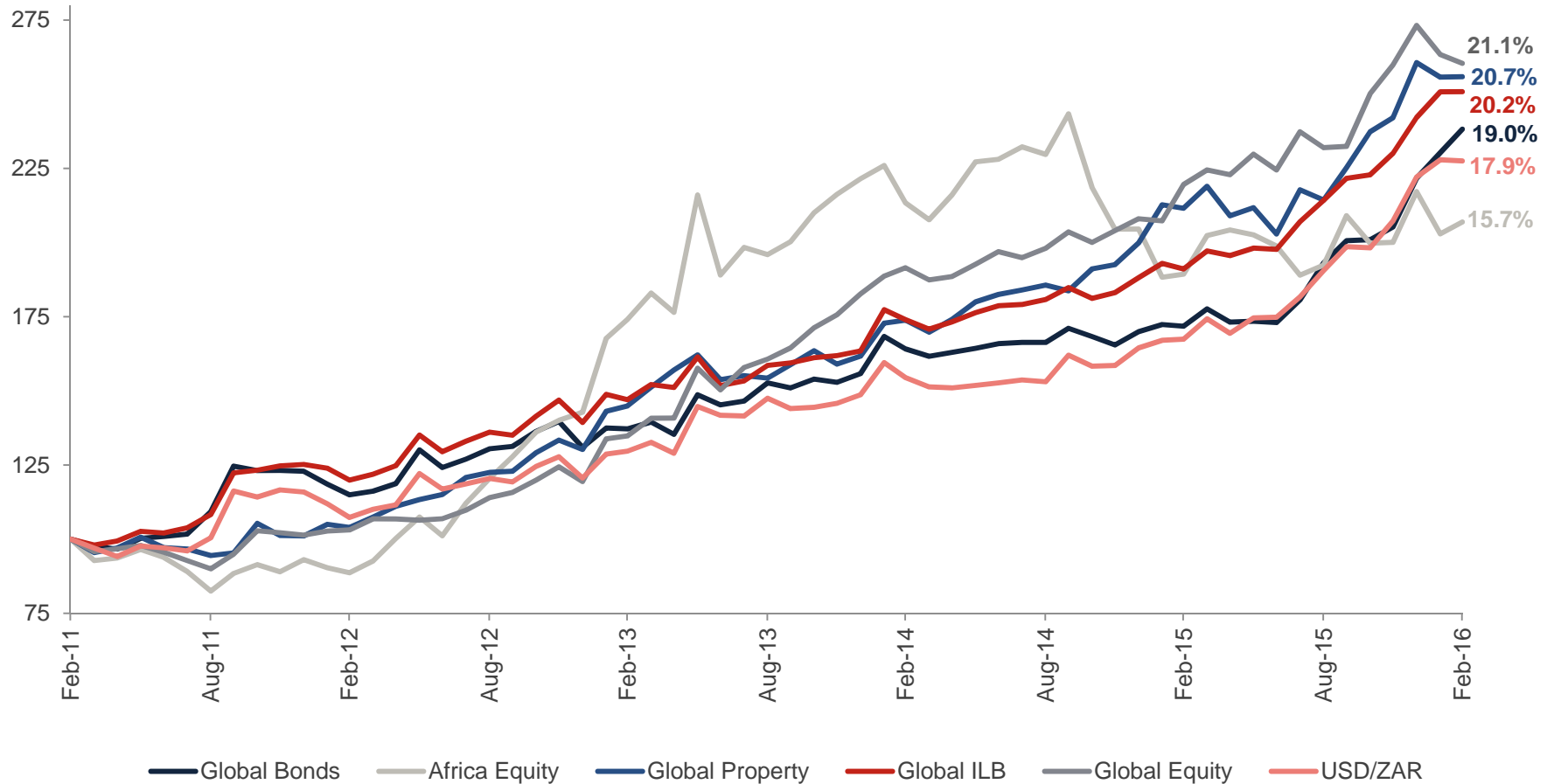
The FTSE/JSE SA Listed Property and the FTSE/JSE SWIX remained in the lead for the five years. All the depicted asset classes ended the period ahead of inflation\* (five-year inflation was 5.6%).

Source: INET BFA and Momentum Investments

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

# Global asset classes

## Five years to February 2016



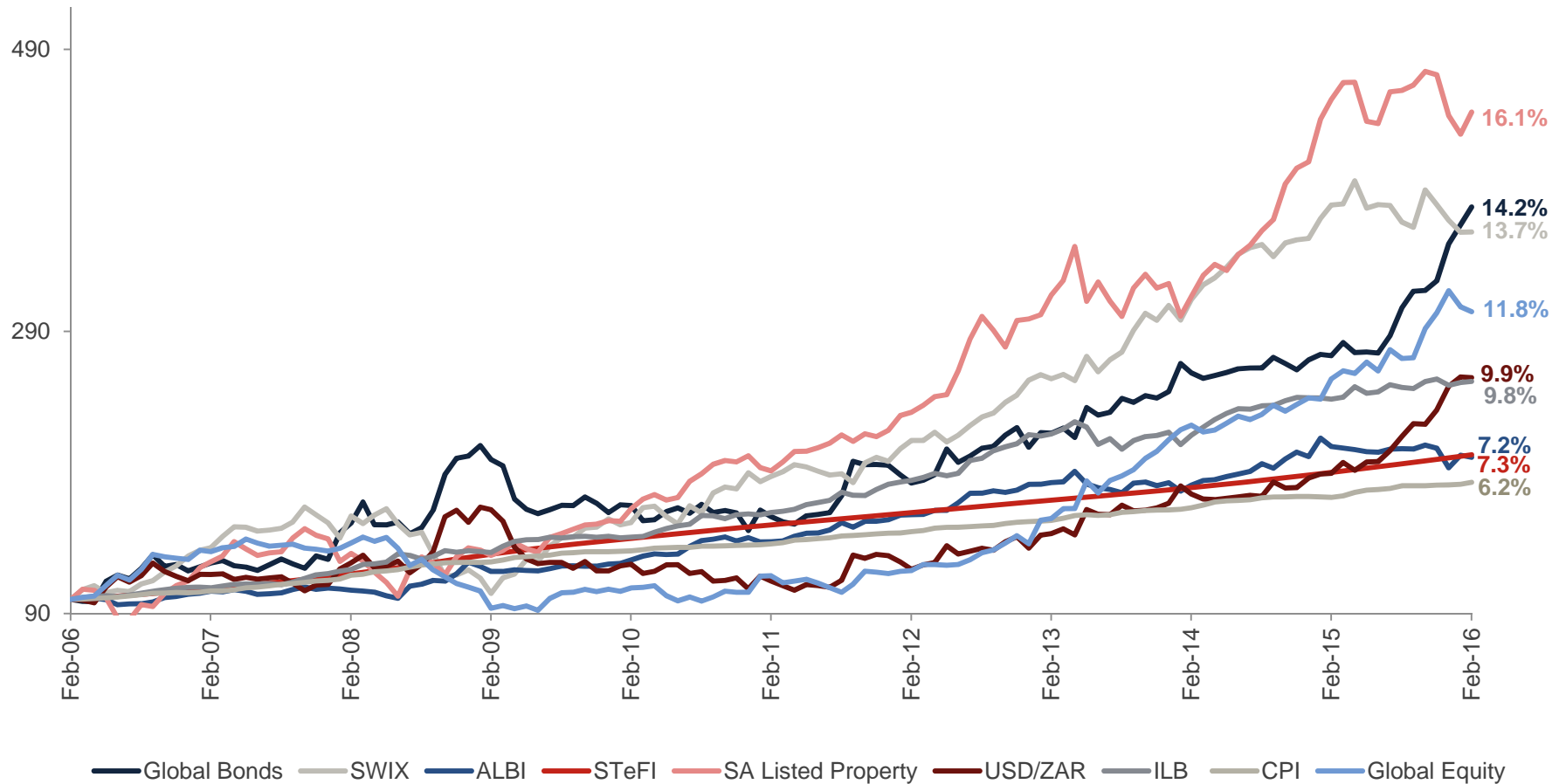
Global equity had the best return for the five years, with 21.1%, followed by global property with 20.7%.

Source: INET BFA and Momentum Investments

All returns in rand terms

# Asset classes

Ten years to February 2016



For the 10-year period to January, the FTSE/JSE SA Listed Property continued to outperform, followed by global bonds

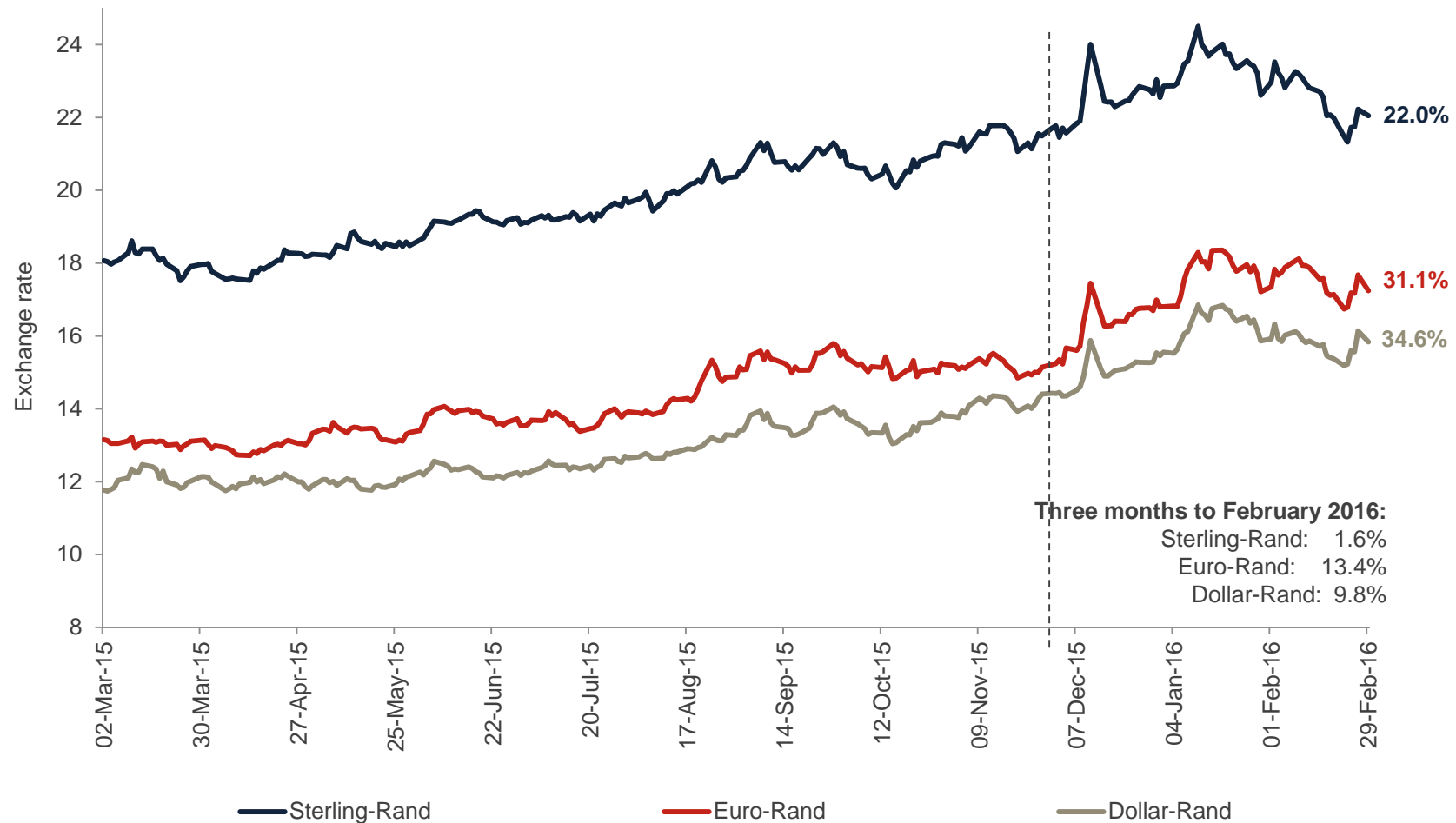
Source: INET BFA and Momentum Investments

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

All returns in rand terms

# Exchange rates

## One year to February 2016

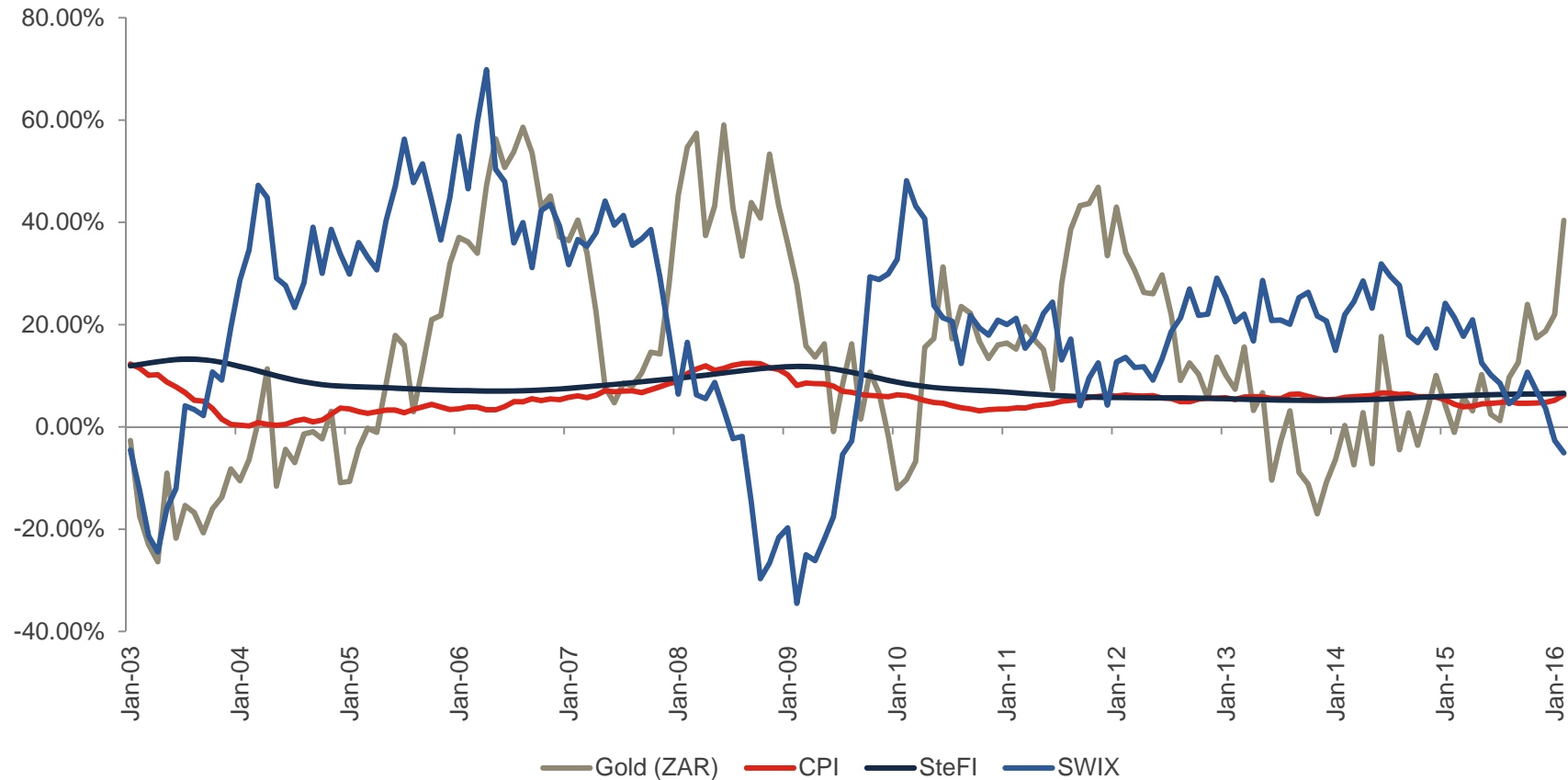


The rand weakened against all three of the major currencies for the last quarter and year

Source: INET BFA and Momentum Investments

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

## One-year rolling returns to February 2016



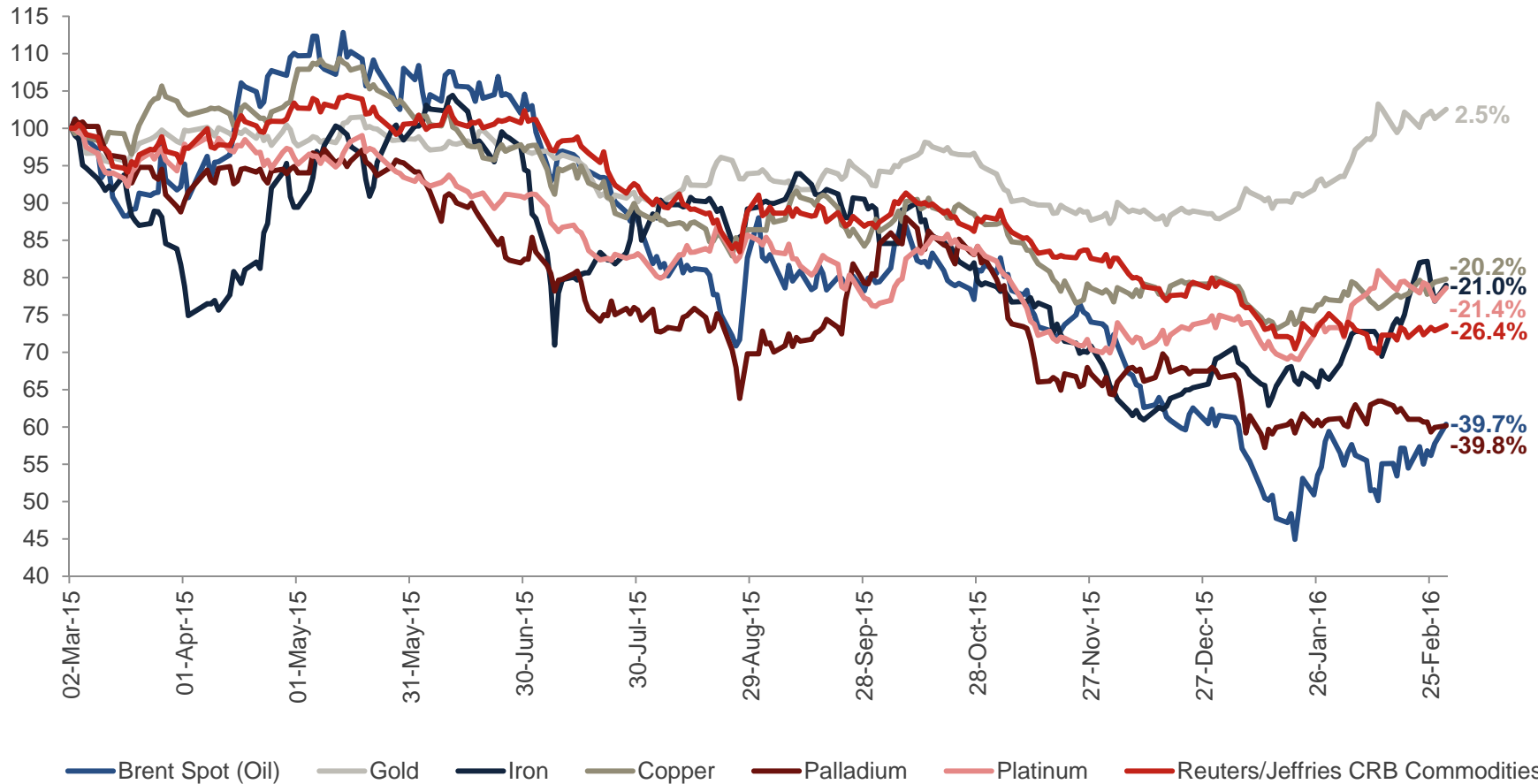
Returns from the gold price in rand terms for the one-year rolling period are showing their diversification benefits compared with equities. The returns were higher than those of the equity market for February 2016.

Source: INET BFA and Momentum Investments \*CPI is lagged by one month due to availability of inflation data



# Commodities

## One year to February 2016



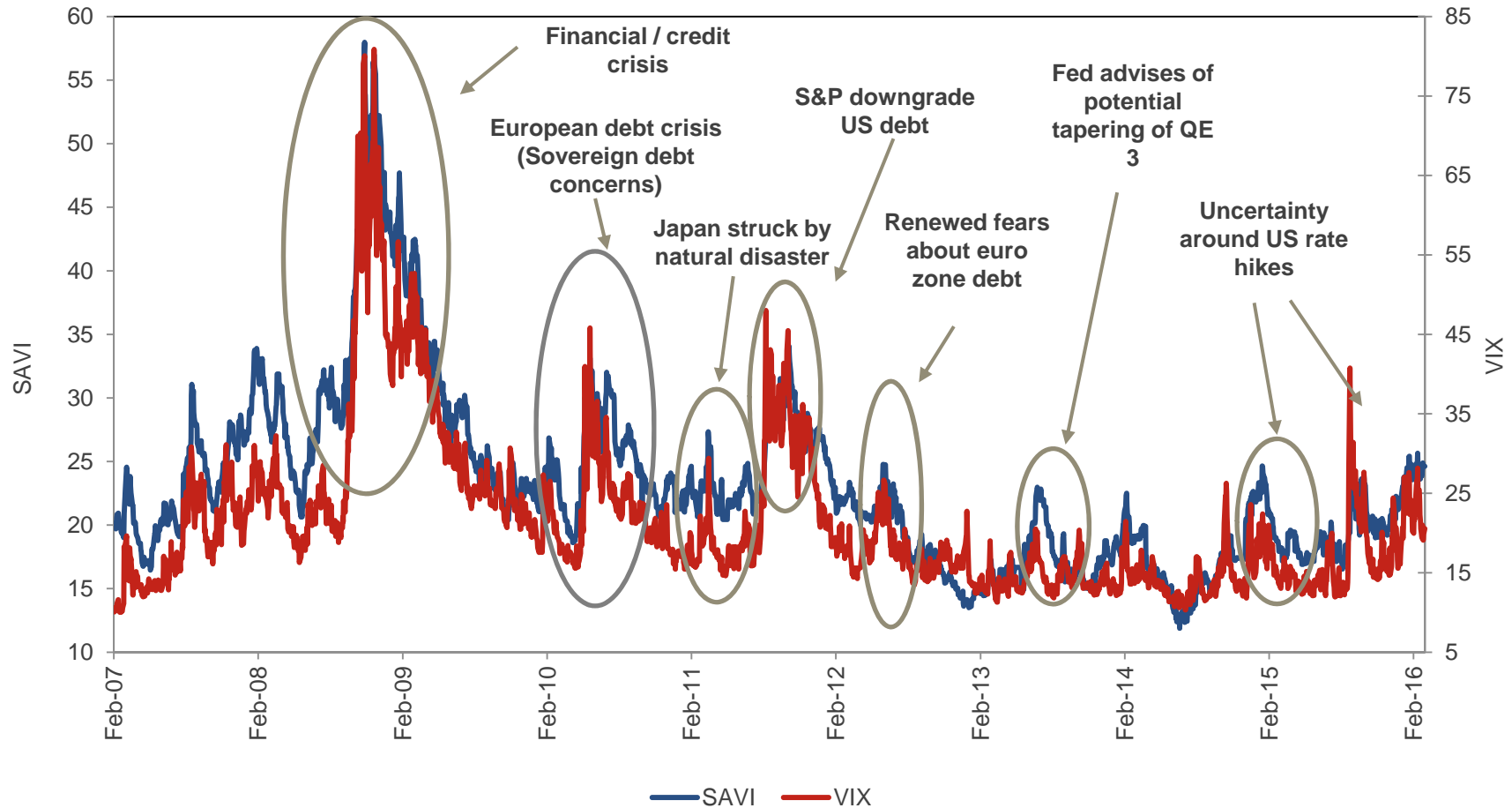
The returns from most of the commodities have been disastrous, with Palladium decreasing the most by 39.8% followed closely by Oil with 39.7%

Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms

# SAVI-VIX

Since Feb 2007 to February 2016

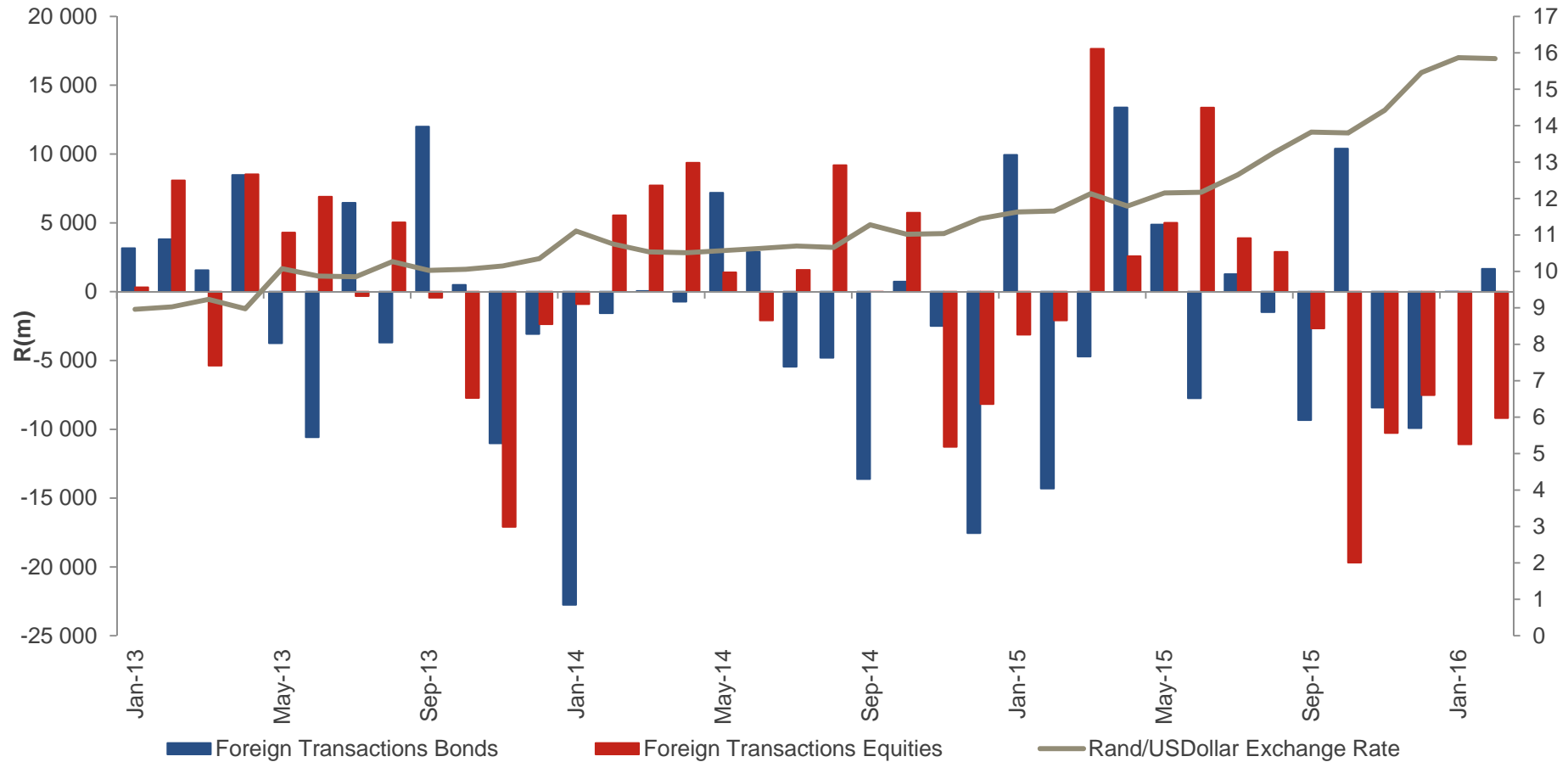


August and September saw higher levels of volatility, due to uncertainty around US interest rate increases as well as the fall in the Chinese share market following a rapid rise in prices

Source: INET BFA and Momentum Investments

# Foreign transactions

## 2013 to 2016



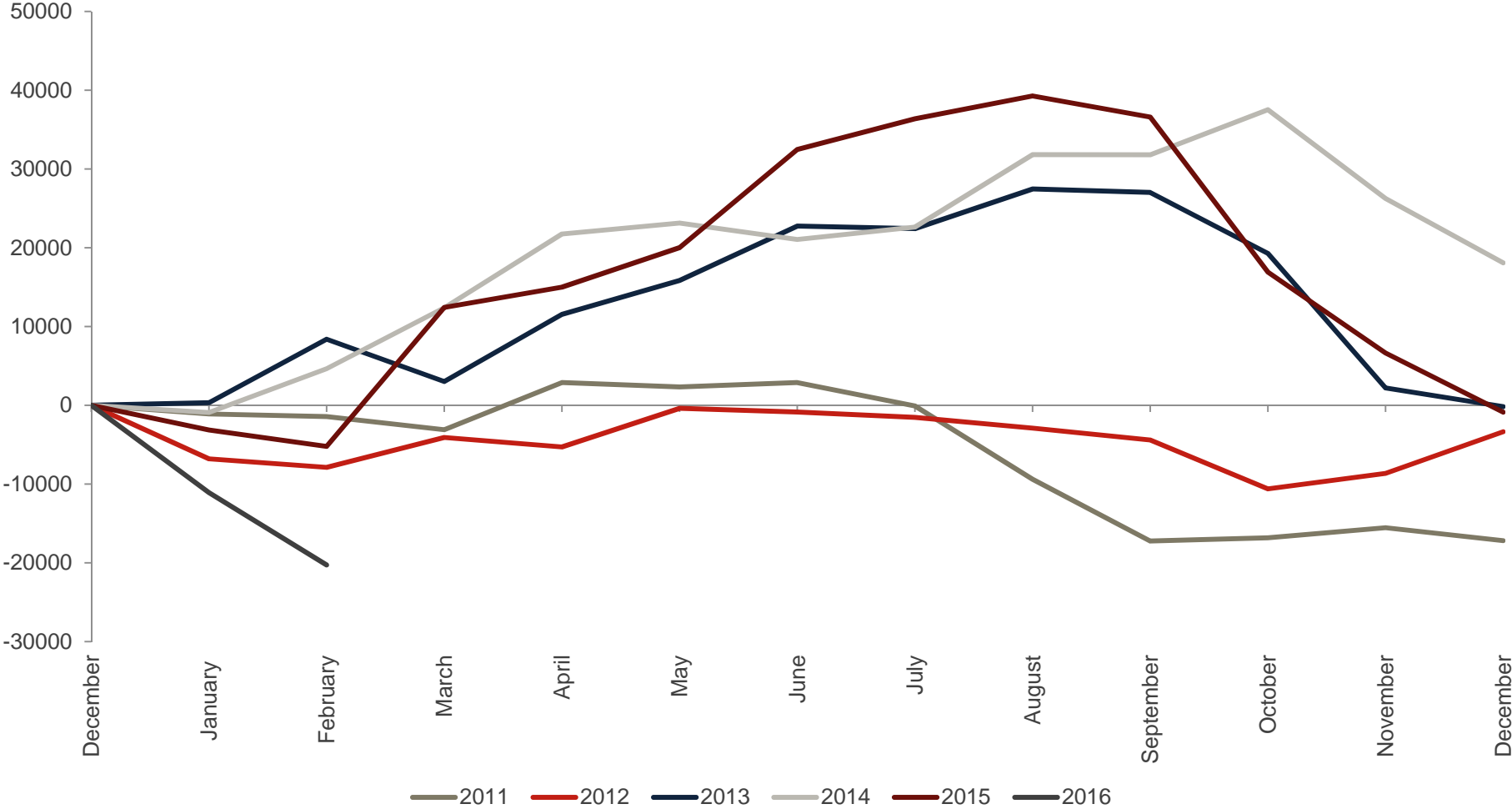
There have been mixed results over the years. For February 2016, net outflows have taken place from equities and net inflows from local bonds.

*Source: INET BFA and Momentum Investments*

# Cumulative foreign transaction equities

2011 to 2016

m

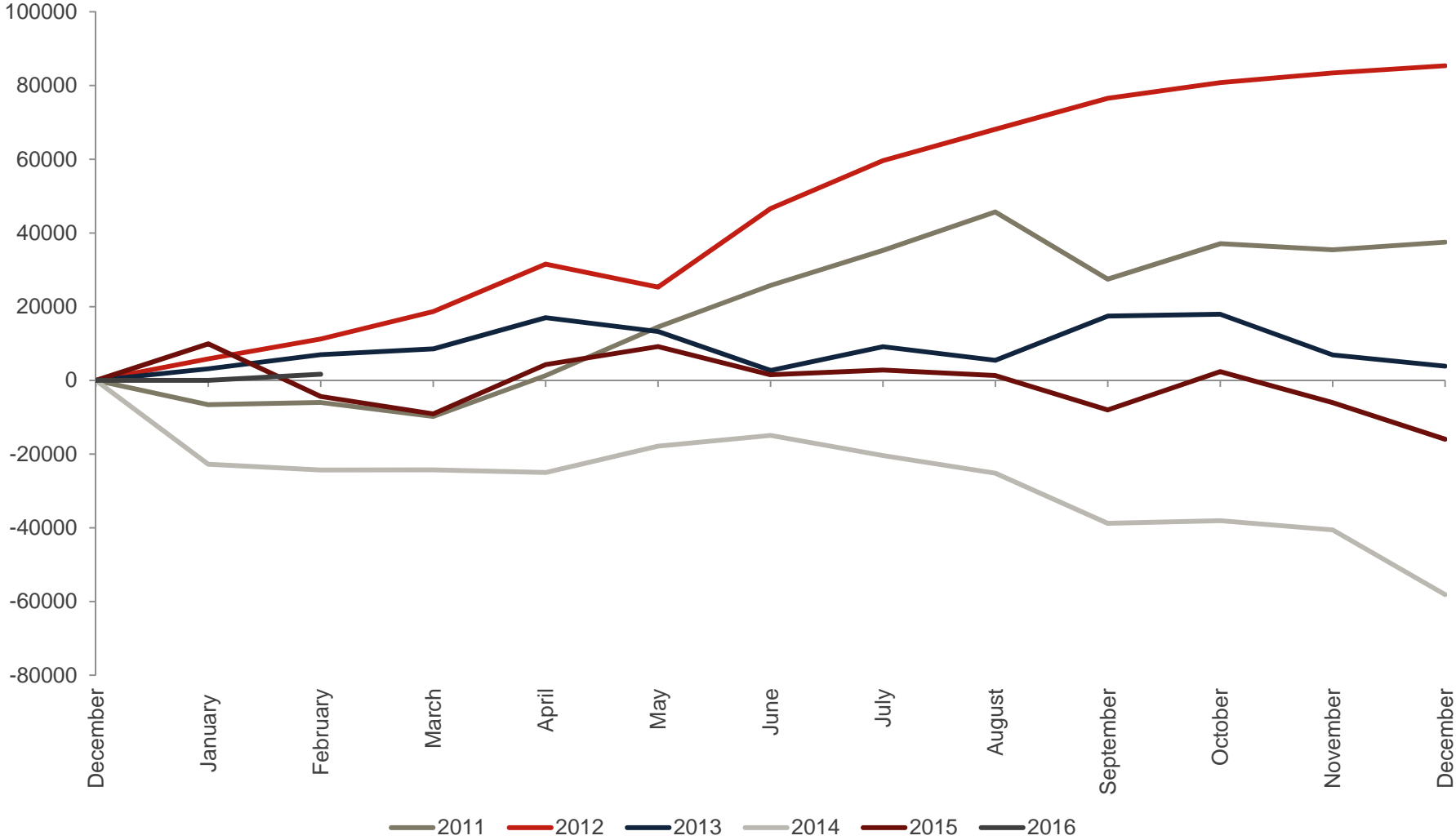


Source: INET BFA and Momentum Investments

# Cumulative foreign transaction bonds

2011 to 2016

m



Source: INET BFA and Momentum Investments

# End of key market performance drivers monthly charts for February 2016



Thank you

# Disclaimer



1. Sources: Momentum Investments (Pty) Ltd, INET BFA, [www.msci.com](http://www.msci.com), [www.yieldbook.com](http://www.yieldbook.com), [www.ft.com](http://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.
5. FTSE/JSE disclaimer: [www.jse.co.za](http://www.jse.co.za)
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