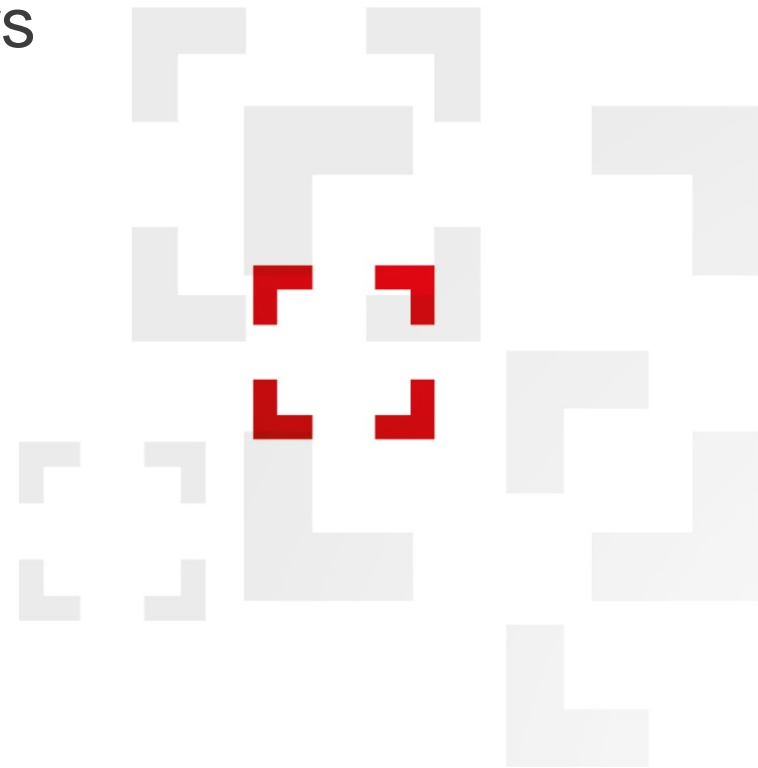


# Key market performance drivers

## Monthly charts

January 2016



# Market returns concentration

One-year returns ending:



## January-2016

	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-2015

	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>

## November-2015

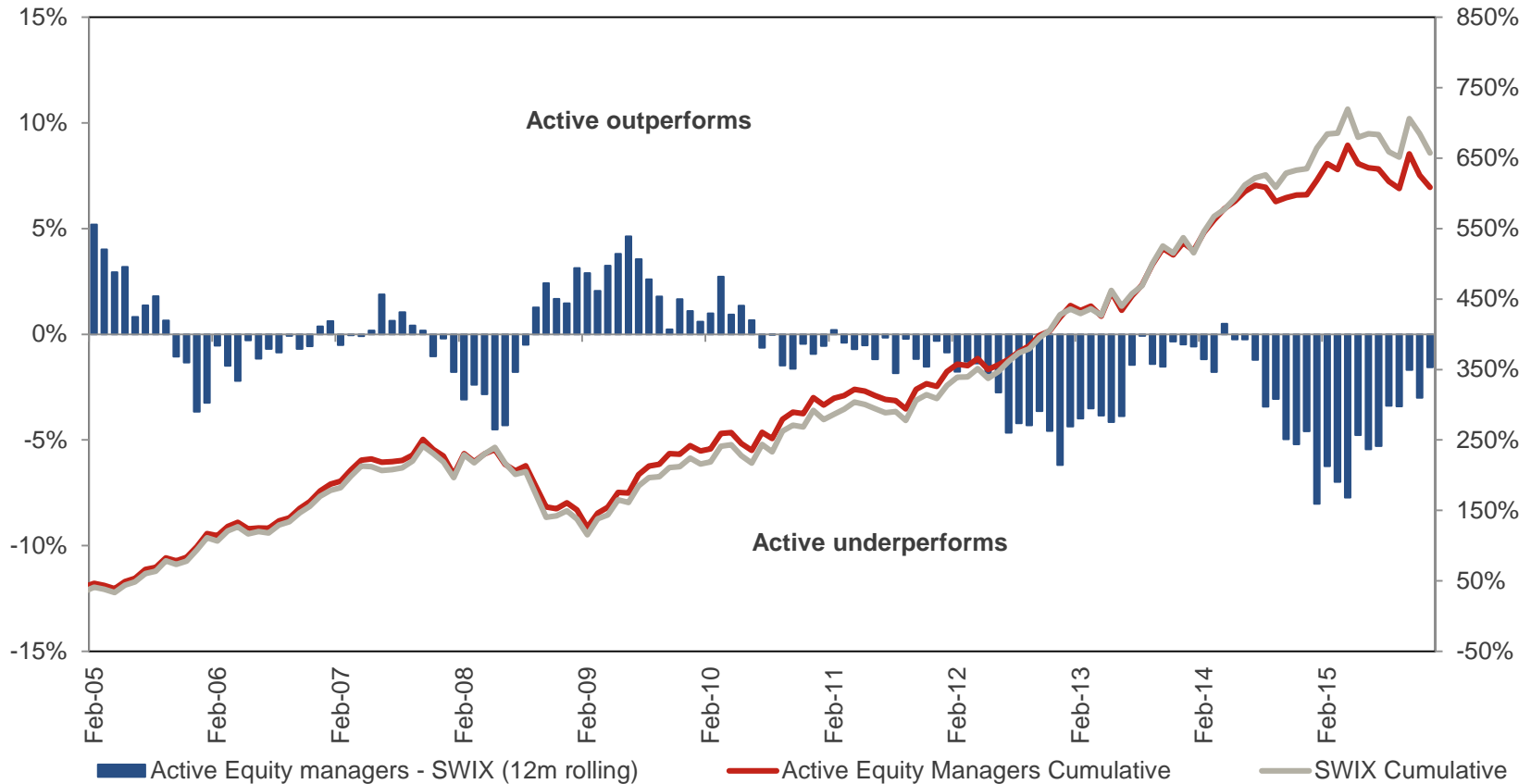
	NASPERS-N-SAB	
	STEINHOFF	
	BATS	
<b>Top 5</b>	BRAIT	<b>82%</b>
<b>Top 6</b>	OLDMUTUAL	<b>87%</b>
	PSG	
	MONDI PLC	
	CAPITEC	
<b>Top 10</b>	MONDI LTD	<b>99%</b>
	WOOLIES	
	BIDVEST	
	FORTRESSB	
	NEPI	
	DISCOVERY	
	SAPPI	
	MEDCLIN	
	RESILIENT	
	CAPCO	
<b>Top 20</b>	TRUWTHS	<b>117%</b>
<b>Remaining</b>	(Positive)	<b>16%</b>
<b>Negative</b>	(78 Shares)	<b>-33%</b>

Market-cap weighted returns: 10 shares contributed 184% to the return of the SWIX, while 20 shares contributed 213%.

Source: Barra, Deutsche Securities and Momentum Investments

# Active-index analysis

One-year rolling active to December\* 2015



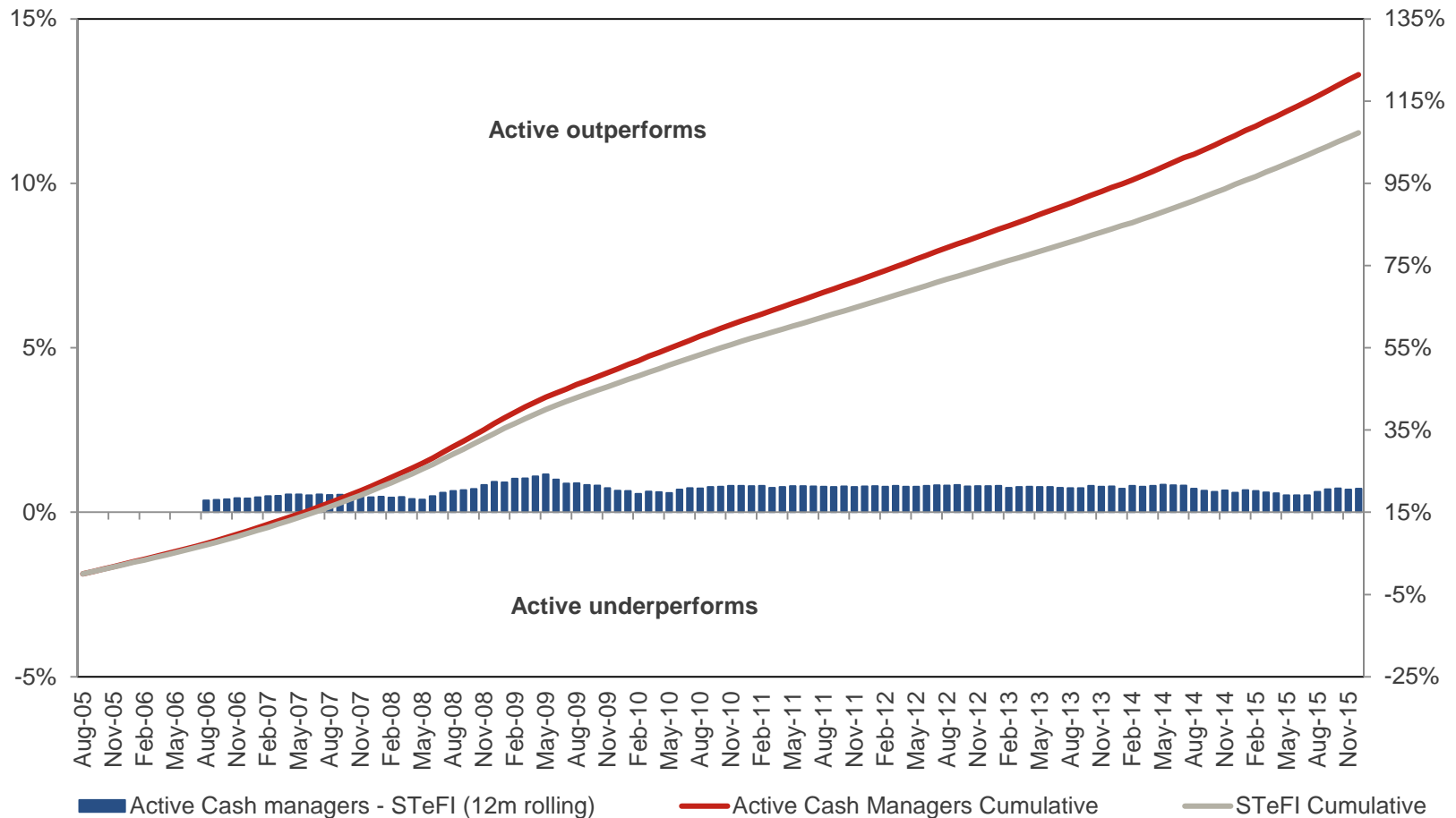
The average of the active equity managers underperformed the SWIX for the year ended December 2015.

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 December\* 2015

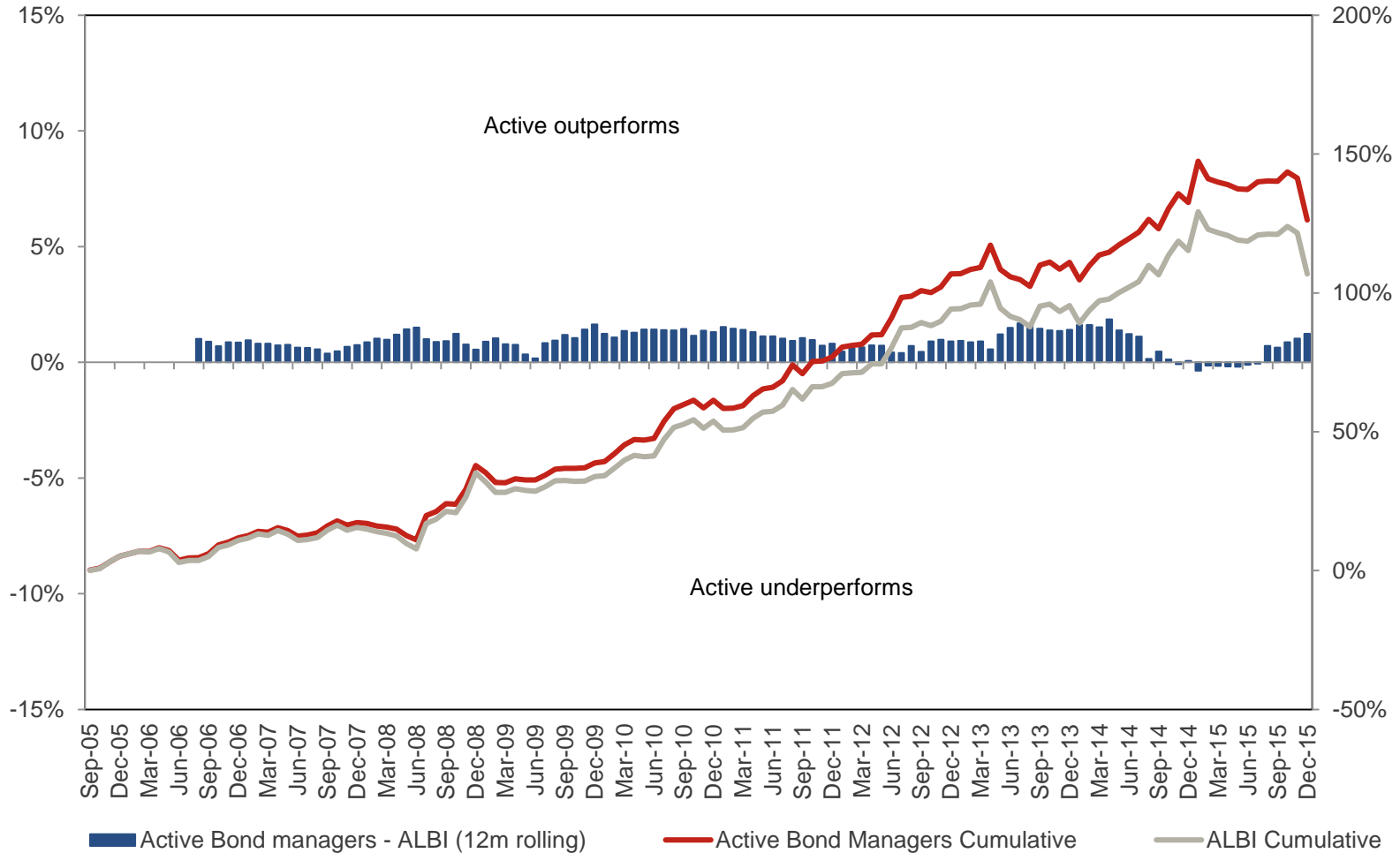


Source: Alexander Forbes S.A. Money Market Manager Watch™ Survey, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data

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

## One-year rolling average to December\* 2015

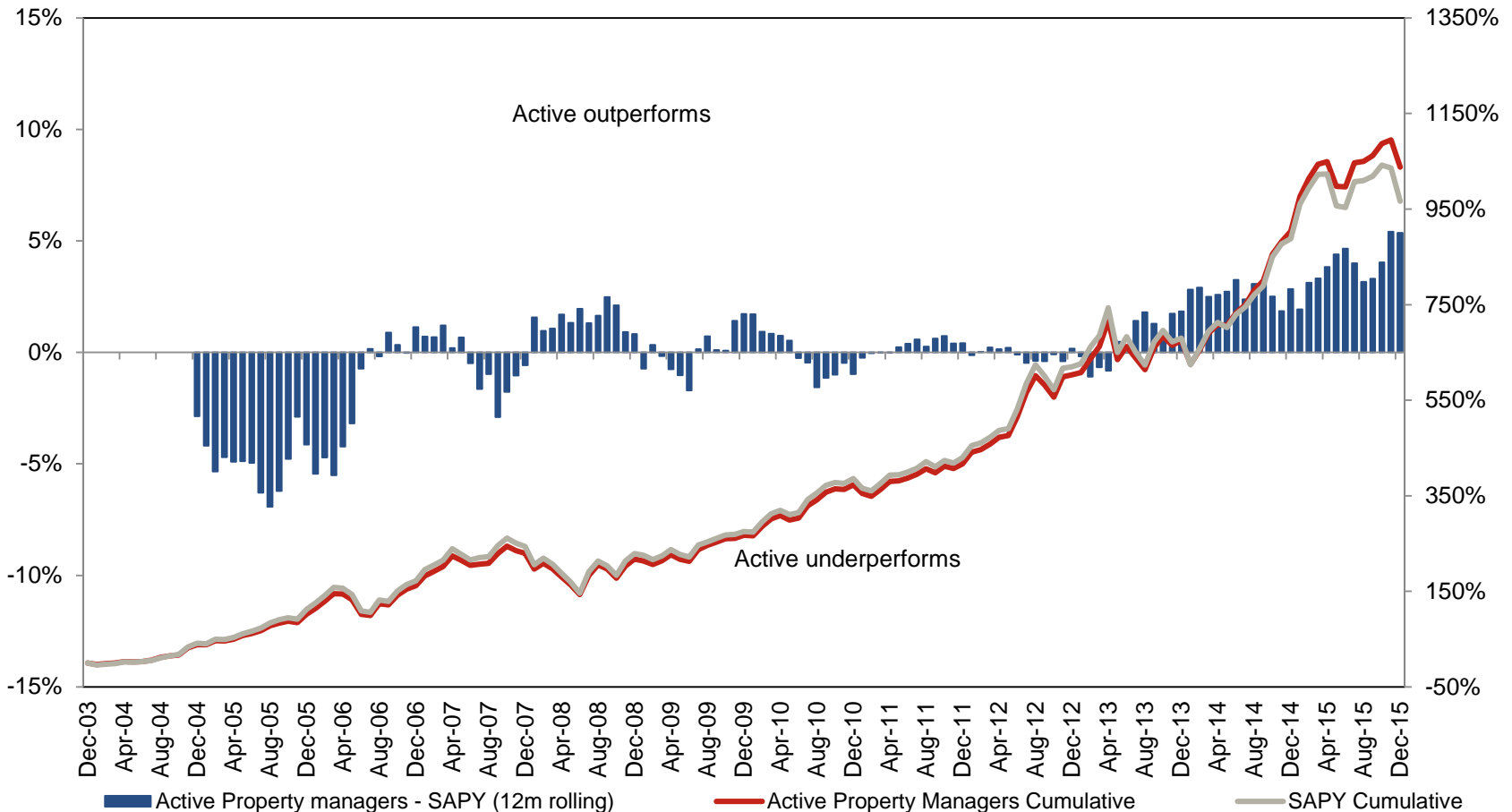


Source: Alexander Forbes S.A Bond Manager Watch™ Survey, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data

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

## One-year rolling average to December\* 2015



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 2015



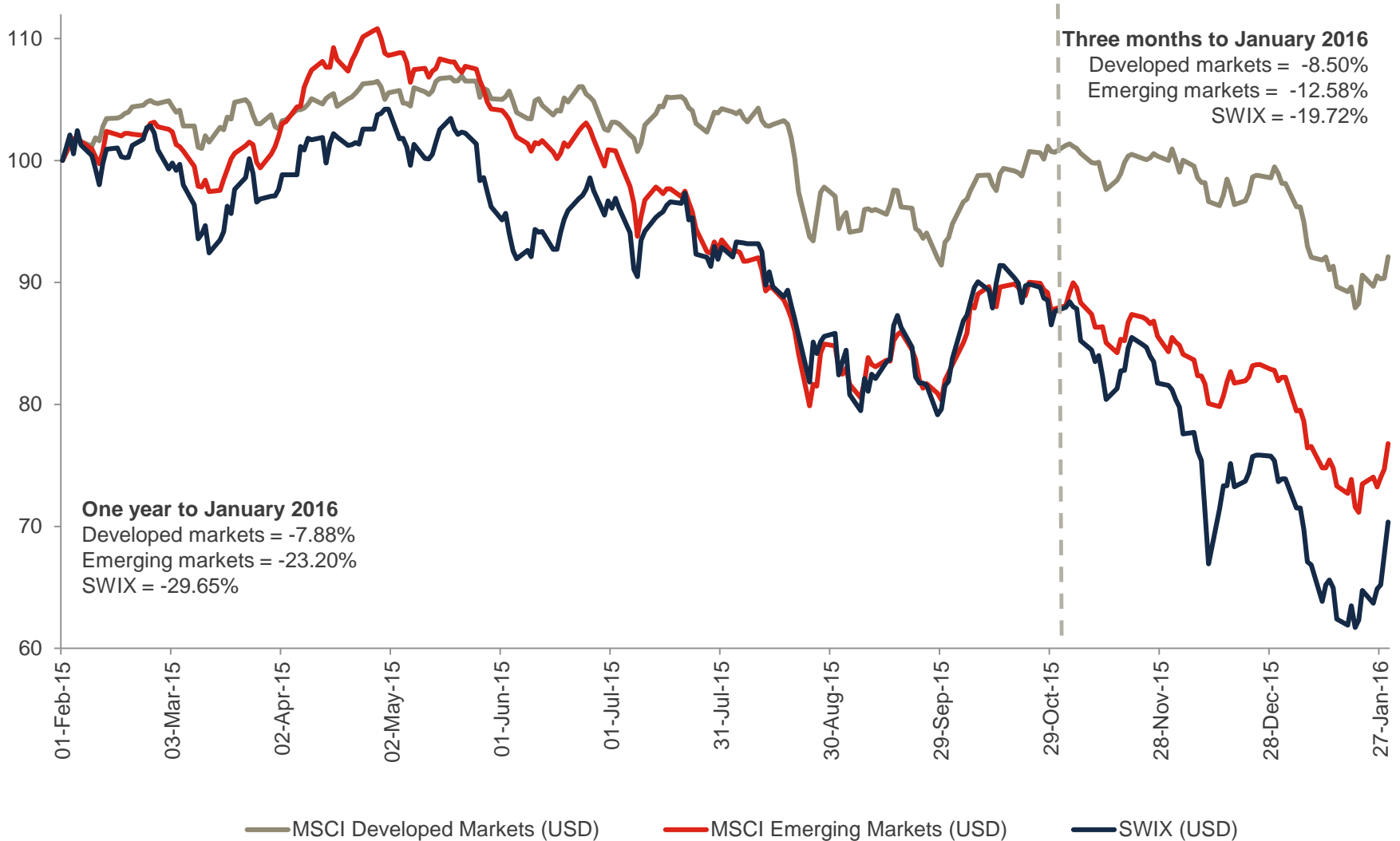
ZAR	Styles	One month to December 2015	Three months to December 2015	One year to December 2015	Three years to December 2015	Five years to December 2015	Ten years to December 2015	Twenty years to December 2015
Value	Book to Price	4.37	1.55	-9.85	-5.05	-6.35	-2.48	1.93
	Dividend Yield	0.22	-2.11	-10.37	-5.64	-4.44	0.60	3.39
	Earnings Yield	0.61	-3.38	-13.53	-5.62	-2.78	-0.94	2.69
	Cash Flow Yield	1.29	1.78	-8.81	-6.17	-1.50	-2.26	2.20
	Sales to Price	-1.79	-2.58	-12.96	-7.31	-4.84	-3.34	1.61
Quality	ROE	-1.69	1.34	-0.99	-1.46	2.63	1.31	-1.52
	ROIC LT	-0.64	1.50	-5.95	-4.11	-1.64	-0.90	-2.23
	Income to Sales	0.22	1.26	-0.02	0.86	2.05	0.79	-0.78
	Low market beta	1.67	9.17	18.27	8.50	5.03	-1.53	1.29
	Low Debt/Equity	-0.60	-2.74	-3.71	-1.74	-1.03	-2.43	-1.21
	EBIT Margin Stability	1.88	4.17	21.58	7.45	8.64	4.97	-0.54
Growth	Earnings Growth	-0.01	3.25	4.90	1.05	1.71	-0.38	-1.17
	Sales Growth	-1.10	5.06	6.23	3.35	4.27	1.88	0.47
	12M Earning Growth	-2.61	-1.17	-0.65	0.58	-3.54	2.66	6.27
Momentum	FY1 Earnings Revisions	-1.91	2.26	7.36	8.49	8.74	11.17	9.05
	Short Term Momentum	2.52	8.84	5.89	1.57	1.12	-0.34	-1.79
	Medium Term Momentum	1.05	8.45	22.64	13.58	12.18	7.20	7.50
Size	Size	-1.58	0.22	-1.84	-2.49	-0.21	0.45	-0.66

The December returns for value factors were good. Strong returns for periods longer than a year from some of the momentum, growth and quality factors.

Source: FactSet, Momentum Global Investment Management and Momentum Investments

# MSCI developed and emerging markets

## One year to January 2016

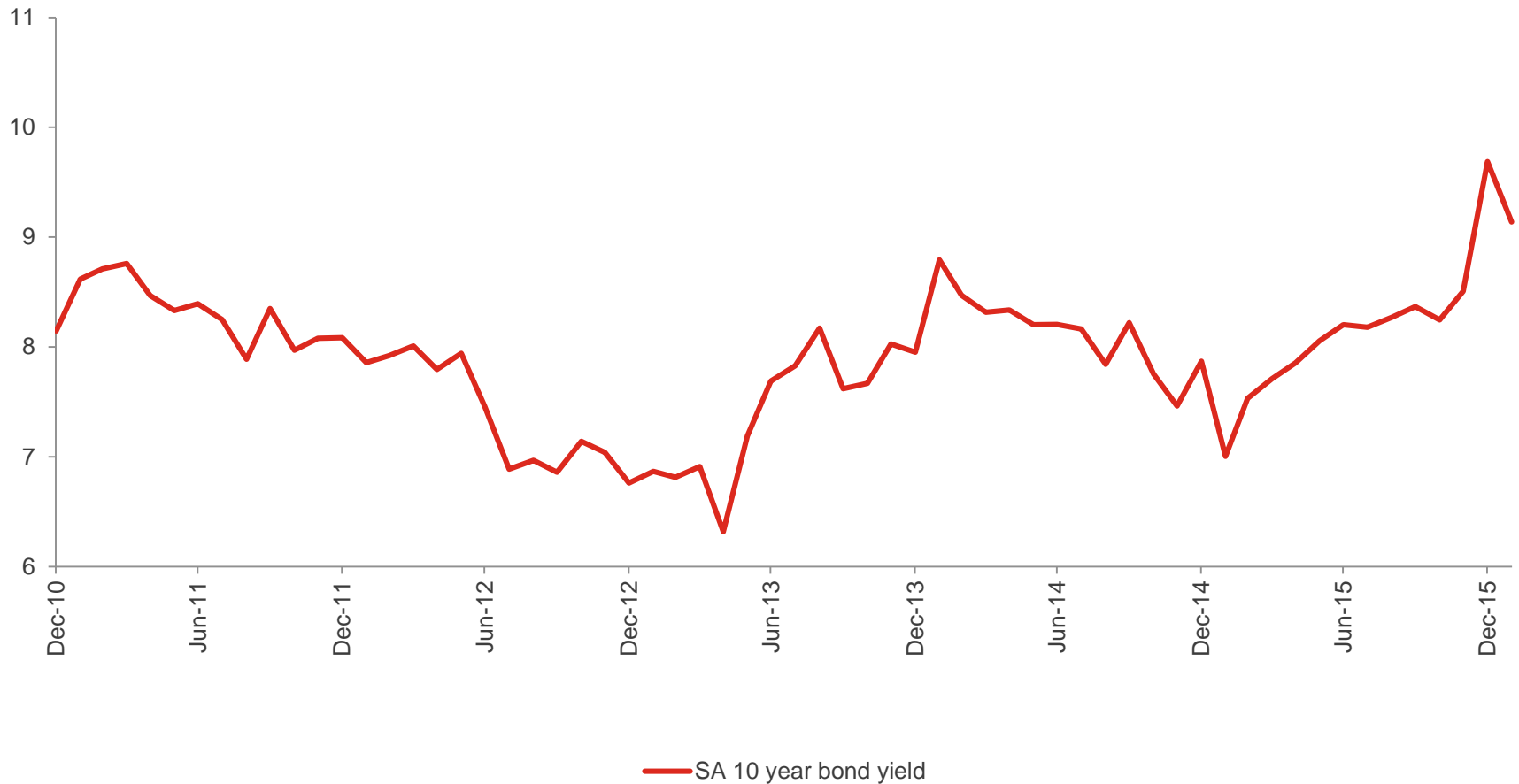


Source: INET BFA, MSCI and Momentum Investments



# SA 10-year bond yields

Five years to January 2016



SA 10-year bond yields decreased by 55 bps in January 2016.

Source: INET BFA and Momentum Investments

# Yield of R197 (inflation-linked bond)

Since May 2001 to January 2016

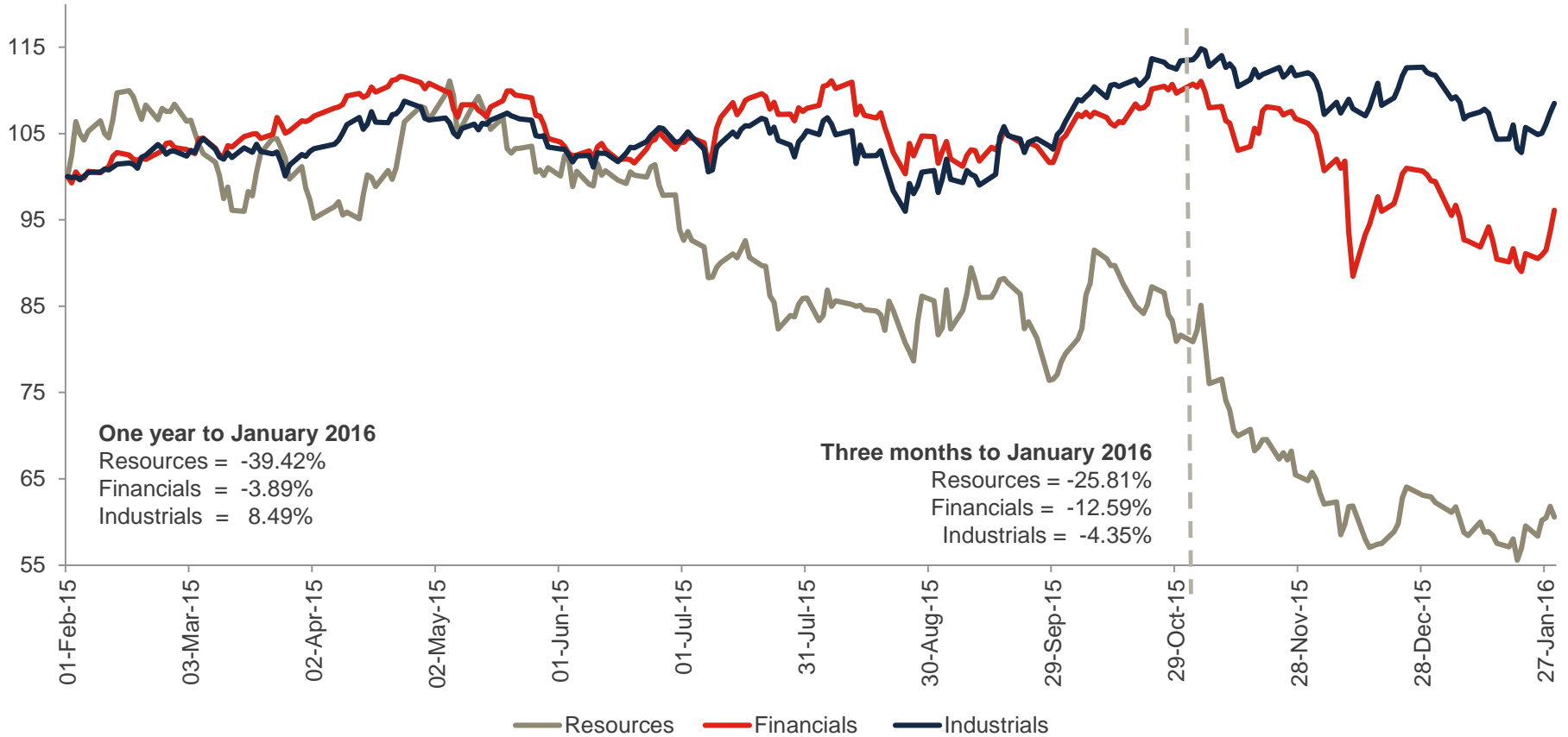


Inflation-linked bond yields ended marginally higher for January 2016.

Source: INET BFA and Momentum Investments

# FTSE/JSE sectors

## One year to January 2016

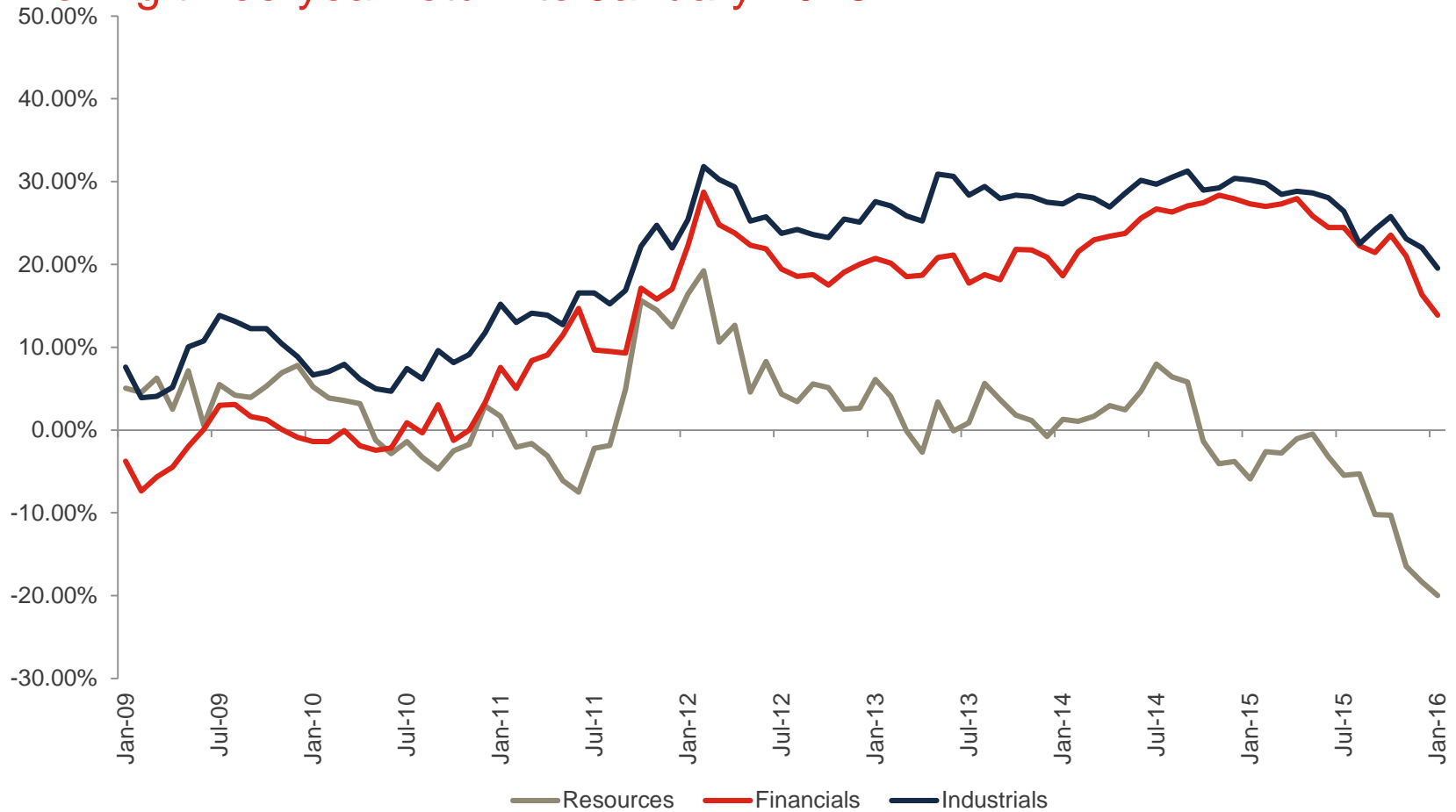


Industrials were the only sector that delivered positive returns for the one year ending January 2016.

Source: INET BFA and Momentum Investments

# FTSE/JSE sectors

Rolling three-year return to January 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 January 2016)



Three months to January 2016

1	Gold Mining	Mining	36.9%	19	Real Estate Investment Trusts	Financials	-11.3%
2	Beverages	Consumer Goods	11.1%	20	Fixed Line Telecommunications	Telecommunication	-12.0%
3	Tobacco	Consumer Goods	6.5%	21	Life Insurance	Financials	-12.2%
4	Coal Mining	Mining	5.6%	22	Pharmaceuticals & Biotechnology	Health Care	-13.6%
5	Real Estate Investment & Services	Financials	-0.5%	23	Personal Goods	Consumer Goods	-13.7%
6	Media	Consumer Services	-1.6%	24	Food Producers	Consumer Goods	-14.9%
7	Food & Drug Retailers	Consumer Services	-4.4%	25	Platinum Mining	Mining	-16.0%
8	General Industrials	Industrials	-4.6%	26	Industrial Engineering	Industrials	-17.5%
9	Equity Investment Instruments	Financials	-4.7%	27	Banks	Financials	-17.7%
10	Chemicals	Basic Materials	-6.5%	28	Software & Computer Services	Technology	-18.5%
11	Health Care Equipment & Services	Health Care	-6.9%	29	Non-life Insurance	Financials	-19.9%
12	Household Goods	Consumer Goods	-8.1%	30	Construction & Materials	Industrials	-21.2%
13	Electronic & Electrical Equipment	Industrials	-8.4%	31	Industrial Transportation	Industrials	-22.2%
14	Mobile Telecommunications	Telecommunication	-9.7%	32	Automobiles & Parts	Consumer Goods	-23.2%
15	General Retailers	Consumer Services	-9.9%	33	Support Services	Industrials	-24.6%
16	Travel & Leisure	Consumer Services	-10.8%	34	General Mining	Mining	-34.7%
17	General Financial	Financials	-11.0%	35	Industrial Metals	Basic Materials	-40.1%
18	Forestry & Paper	Basic Materials	-11.1%				

## Key

Resources

Financials

Industrials

Gold Mining was by far the top-performing sector for the last quarter. Industrial Metals and General Mining were the worst-performing sectors.

Source: Barra, Deutsche Securities and Momentum Investments

# FTSE/JSE sectors

## Decomposed (one year to January 2016)



### One year to January 2016

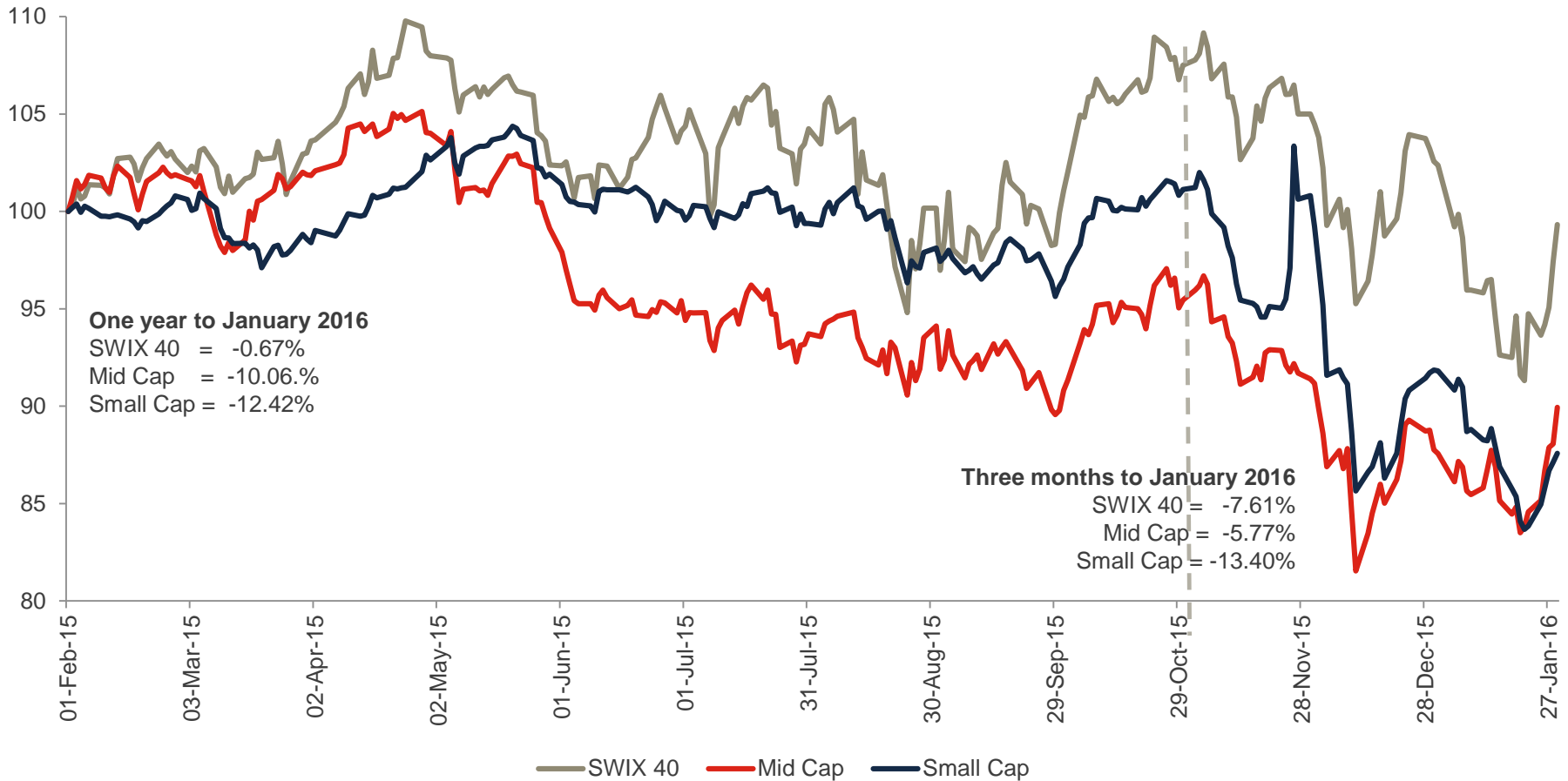
1	Beverages	Consumer Goods	50.9%	19	Food & Drug Retailers	Consumer Services	-9.8%
2	Tobacco	Consumer Goods	38.0%	20	Electronic & Electrical Equipment	Industrials	-13.7%
3	Forestry & Paper	Basic Materials	31.6%	21	Travel & Leisure	Consumer Services	-14.4%
4	Household Goods	Consumer Goods	30.2%	22	Banks	Financials	-16.9%
5	Real Estate Investment & Services	Financials	21.7%	23	Non-life Insurance	Financials	-19.0%
6	Media	Consumer Services	17.9%	24	Food Producers	Consumer Goods	-19.6%
7	General Financial	Financials	13.5%	25	Mobile Telecommunications	Telecommunication	-21.3%
8	Personal Goods	Consumer Goods	8.2%	26	Support Services	Industrials	-24.2%
9	Equity Investment Instruments	Financials	5.0%	27	Automobiles & Parts	Consumer Goods	-26.1%
10	Chemicals	Basic Materials	2.8%	28	Industrial Engineering	Industrials	-29.1%
11	Life Insurance	Financials	-1.6%	29	Industrial Transportation	Industrials	-30.9%
12	General Industrials	Industrials	-1.7%	30	Pharmaceuticals & Biotechnology	Health Care	-36.5%
13	Real Estate Investment Trusts	Financials	-2.6%	31	Coal Mining	Mining	-39.5%
14	Fixed Line Telecommunications	Telecommunication	-4.3%	32	General Mining	Mining	-42.6%
15	Gold Mining	Mining	-4.9%	33	Construction & Materials	Industrials	-43.5%
16	Health Care Equipment & Services	Health Care	-5.8%	34	Platinum Mining	Mining	-55.3%
17	Software & Computer Services	Technology	-6.5%	35	Industrial Metals	Basic Materials	-79.5%
18	General Retailers	Consumer Services	-7.9%				

**Key**  
 Resources  
 Financials  
 Industrials

Source: Barra, Deutsche Securities and Momentum Investments

# FTSE/JSE market caps

## One year to January 2016

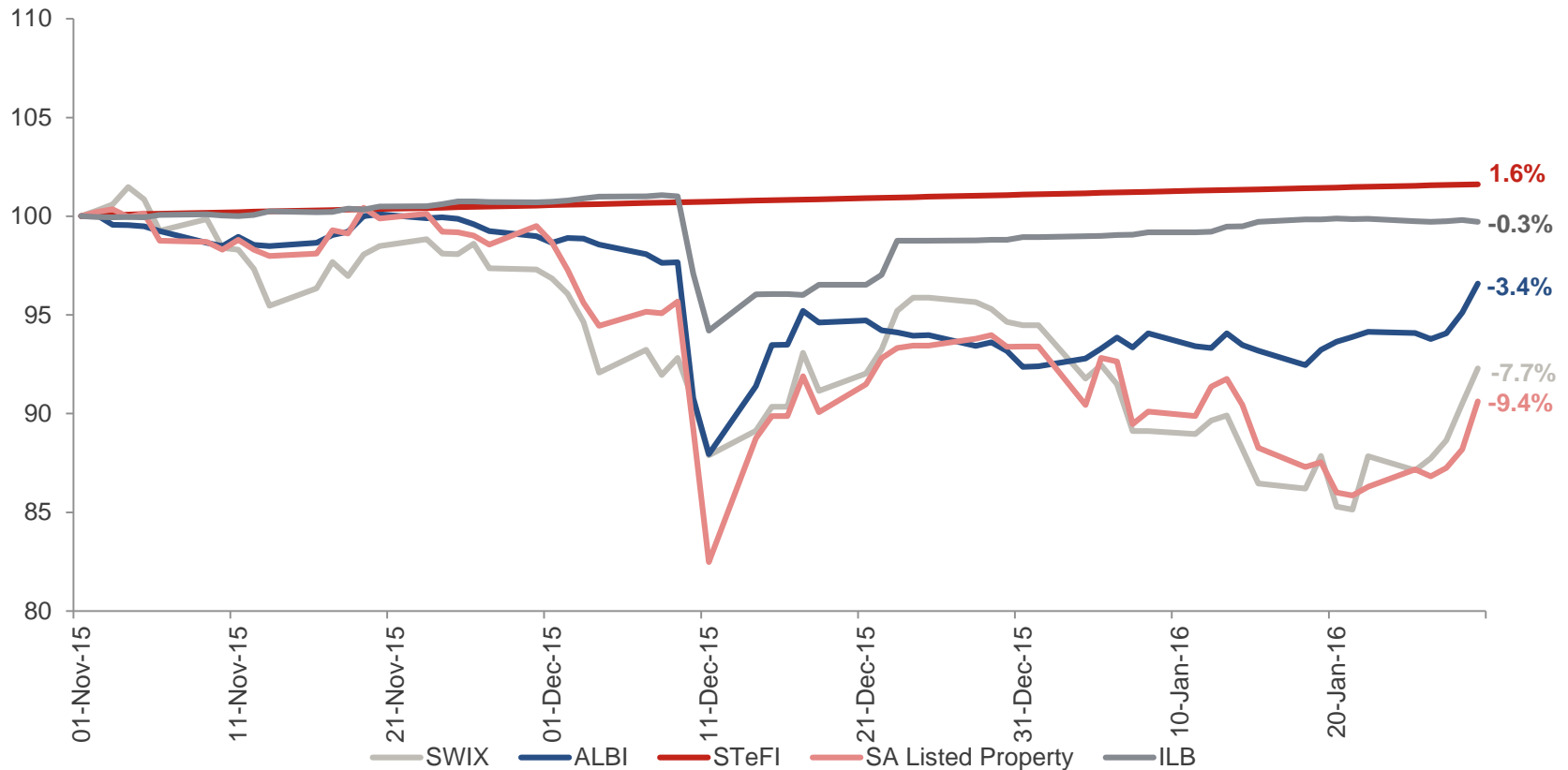


The SWIX 40, FTSE/JSE Mid-cap and Small-cap Index all declined for the year ending January 2016 by 0.67%, 10.06% and 12.42% respectively.

Source: INET BFA and Momentum Investments

# Local asset classes

Three months to January 2016



With rand weakness negatively affecting inflation and interest rate expectations, listed property (-9.4%) and local equities (-7.7%) were by far the worst-performing asset classes for the three months ending January 2016.

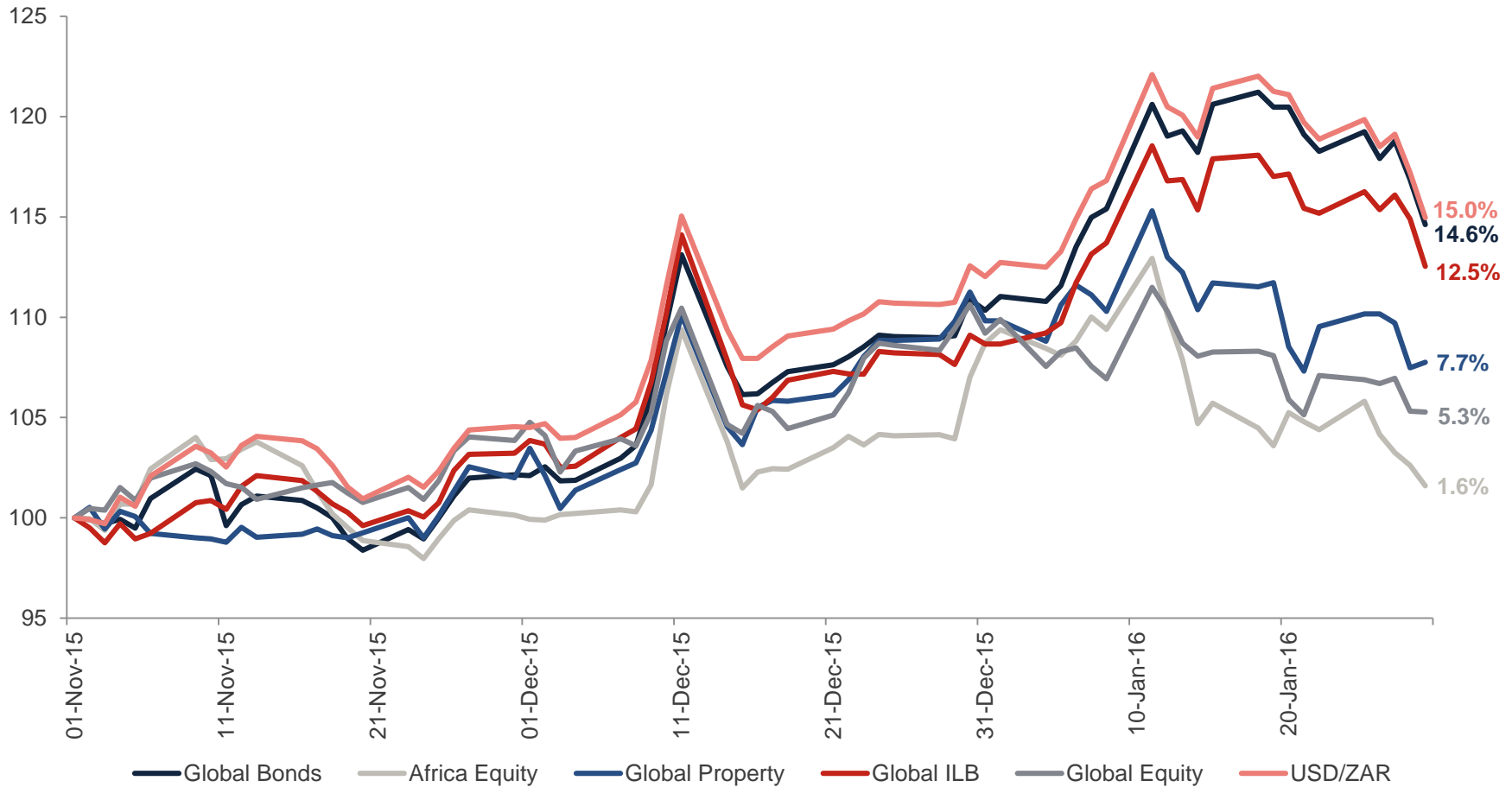
Source: INET BFA and Momentum Investments

All returns in rand terms



# Global asset classes

## Three months to January 2016



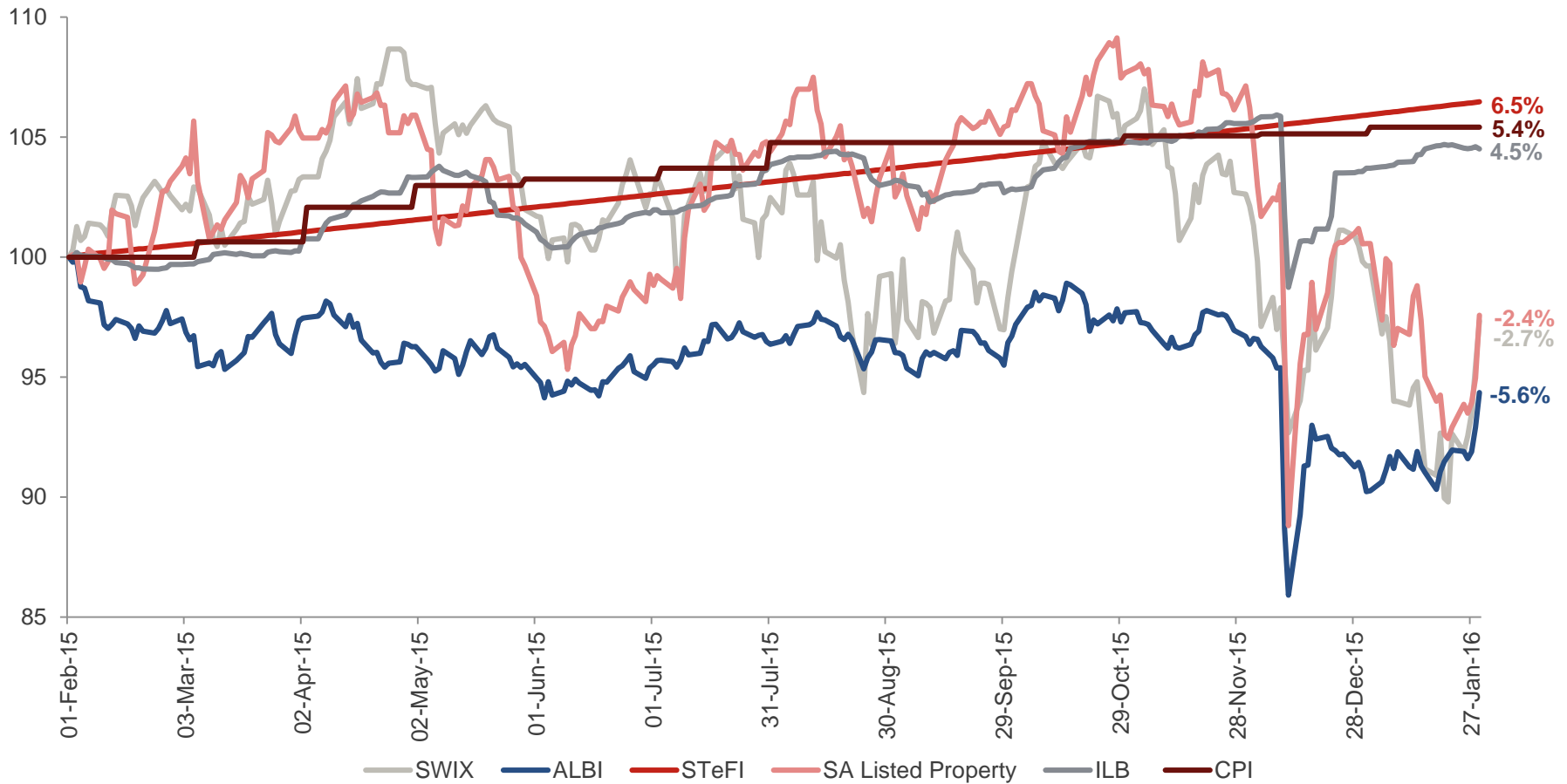
Global bonds had the best return for the quarter followed by Global inflation-linked bonds, with 14.6% and 12.5% respectively.

Source: INET BFA and Momentum Investments

All returns in rand terms

# Local asset classes

## One year to January 2016



All local asset classes underperformed cash for the year ending January 2016. Cash and ILBs delivered single digit return.

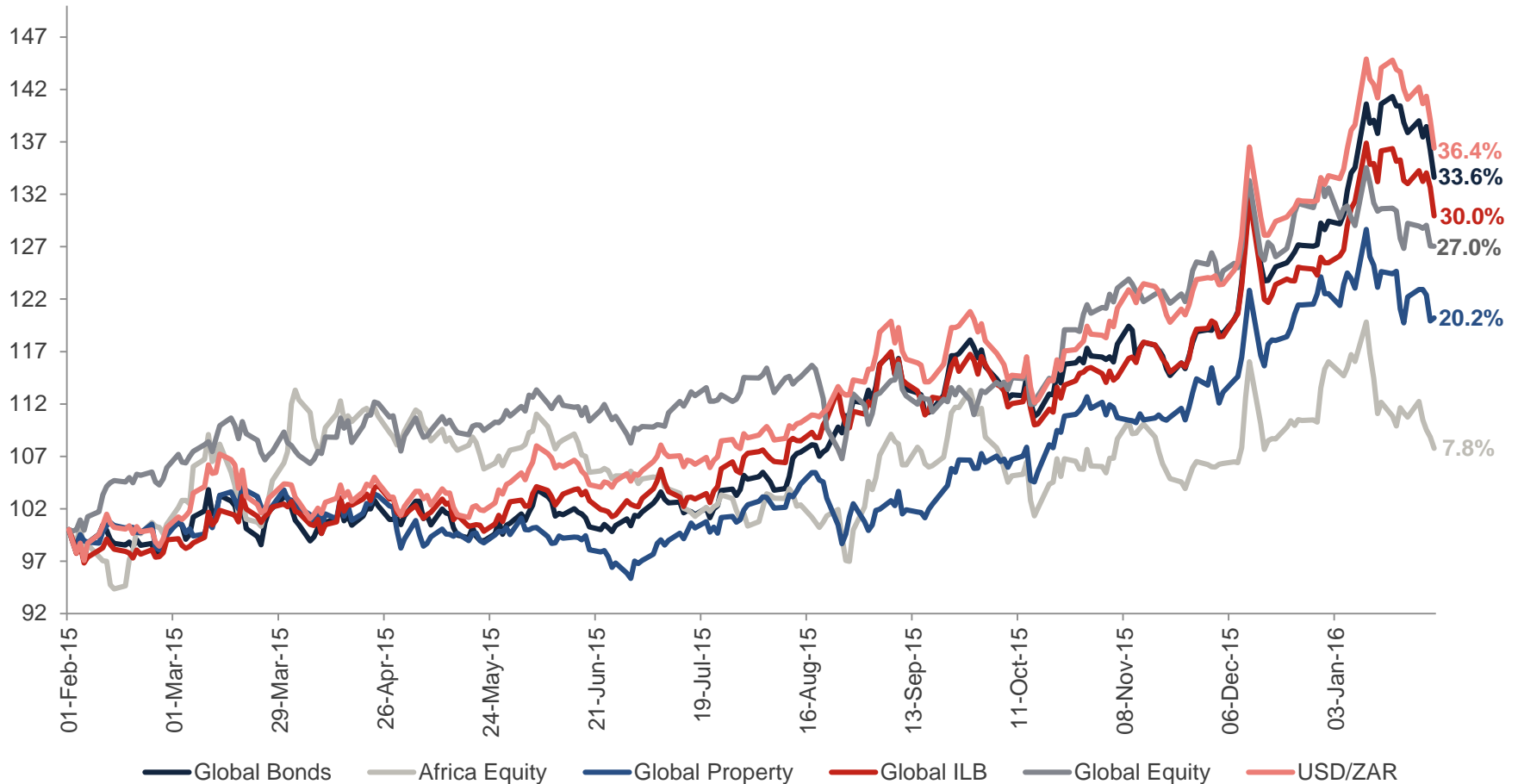
Source: INET BFA and Momentum Investments

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

All returns in rand terms

# Global asset classes

## One year to January 2016



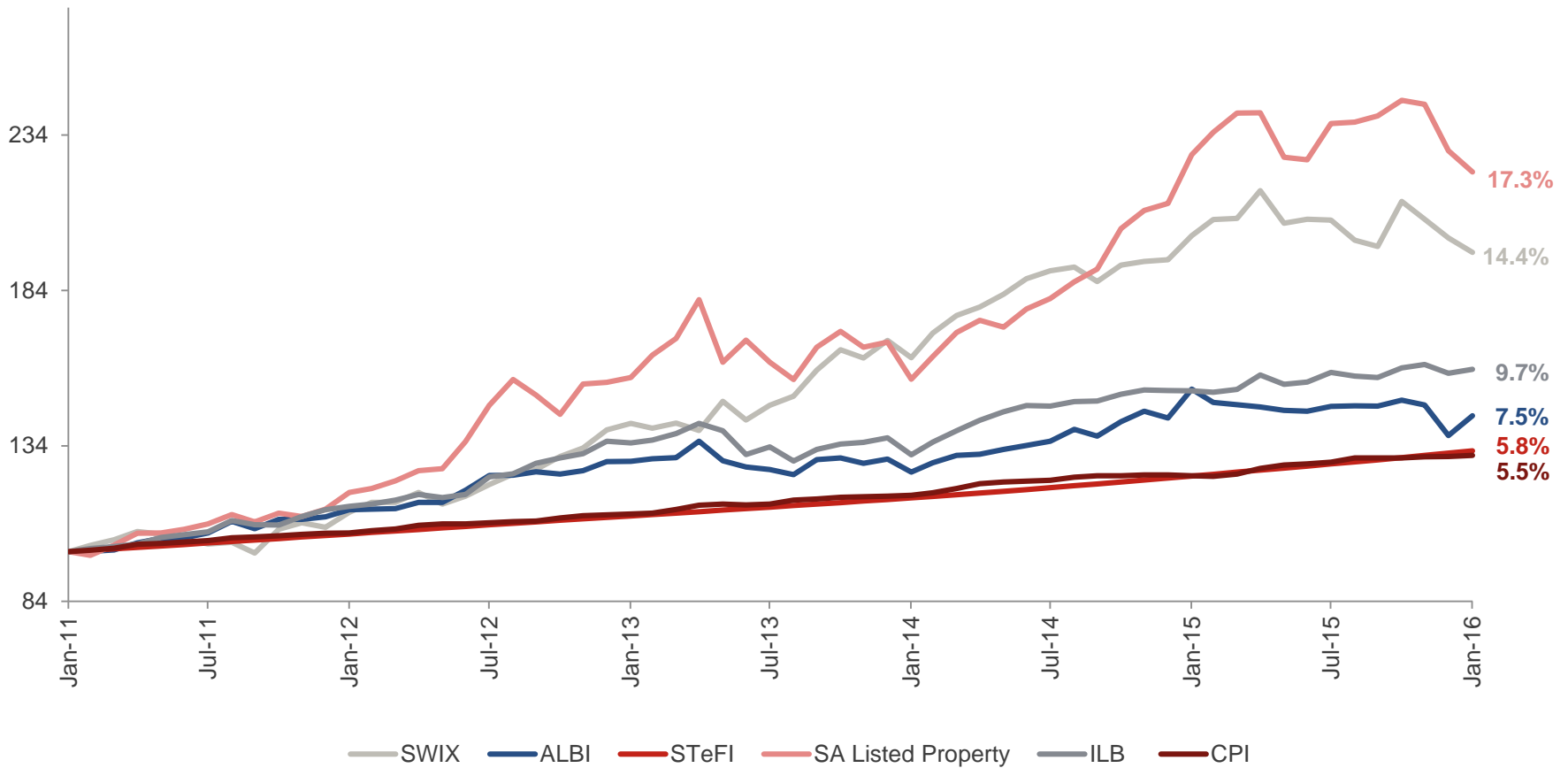
Africa equity returns were affected by an increase in global market volatility, strong US dollar as well as concerns around the Chinese economy.

Source: INET BFA and Momentum Investments

All returns in rand terms

# Local asset classes

## Five years to January 2016



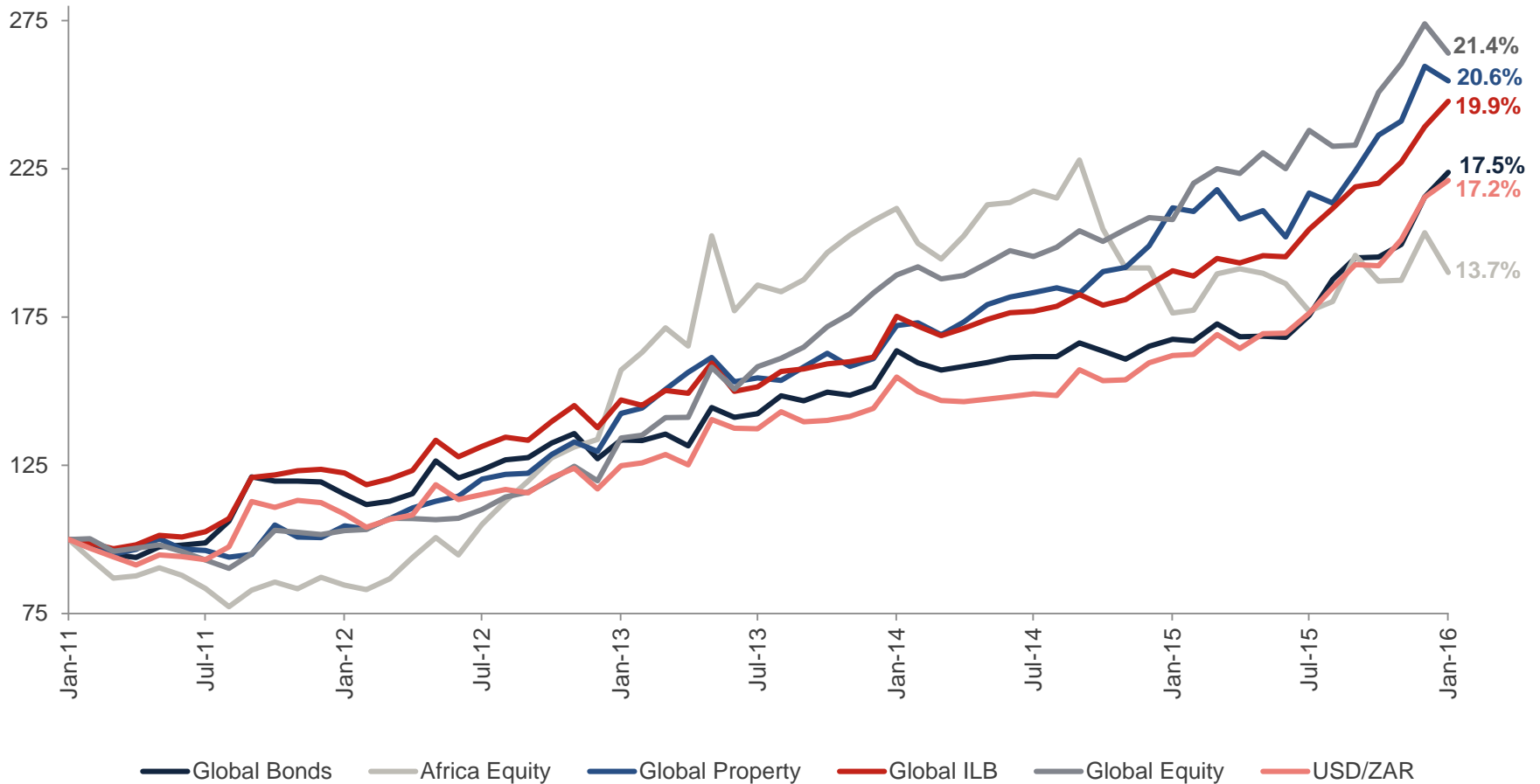
The FTSE/JSE SA Listed Property and the FTSE/JSE SWIX remained in the lead for the five years. All the depicted asset classes ended the period ahead of inflation\* (five-year inflation was 5.5%).

Source: INET BFA and Momentum Investments

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

# Global asset classes

## Five years to January 2016



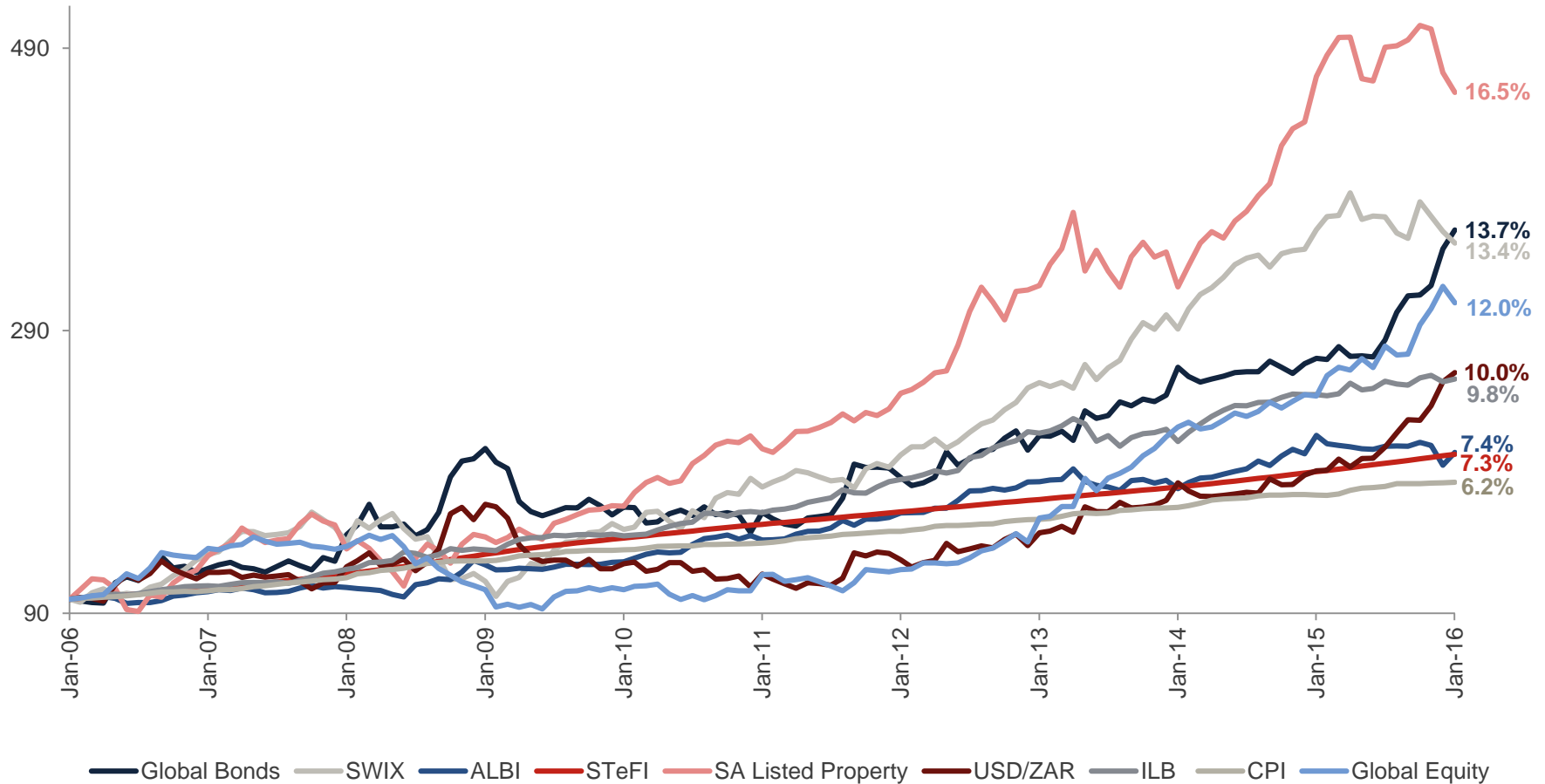
Global equity had the best return for the five years, with 21.4%, followed by global property with 19.9%.

Source: INET BFA and Momentum Investments

All returns in rand terms

# Asset classes

Ten years to January 2016



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

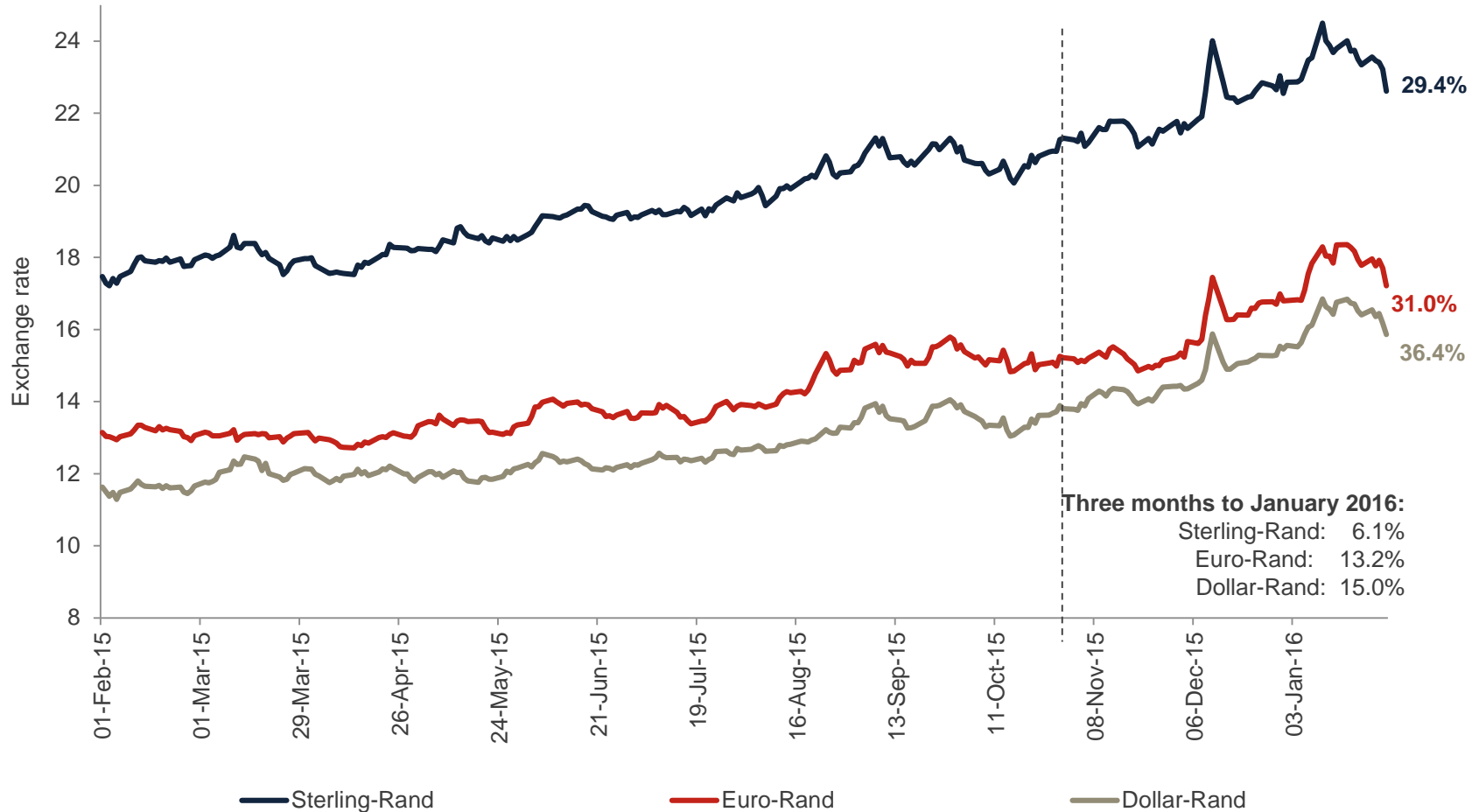
Source: INET BFA and Momentum Investments

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

All returns in rand terms

# Exchange rates

## One year to January 2016



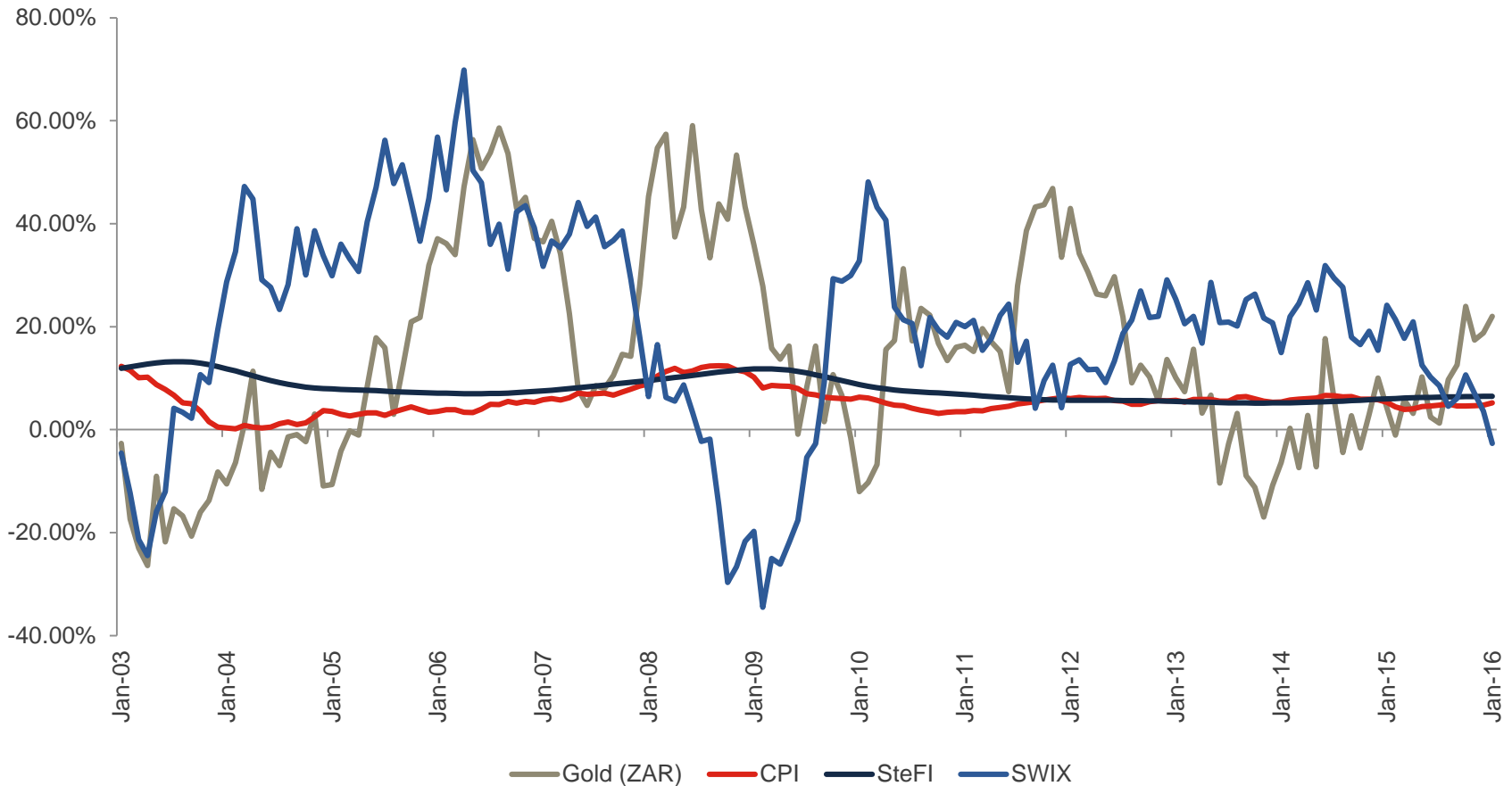
The rand weakened against all three of the major currencies for the last quarter and year.

Source: INET BFA and Momentum Investments

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



One-year rolling returns to January 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 January 2016.

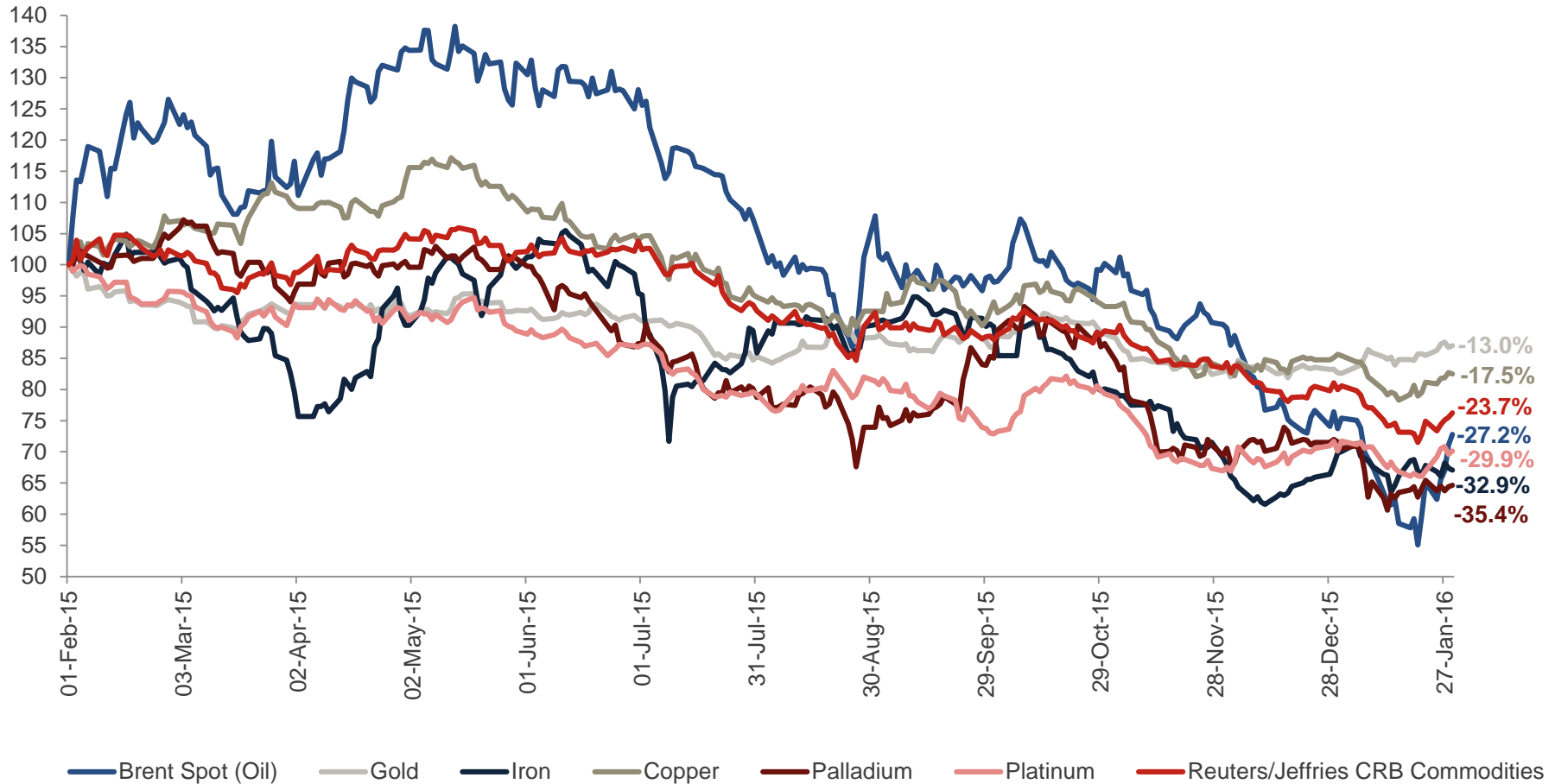
Source: INET BFA and Momentum Investments

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



# Commodities

One year to January 2016



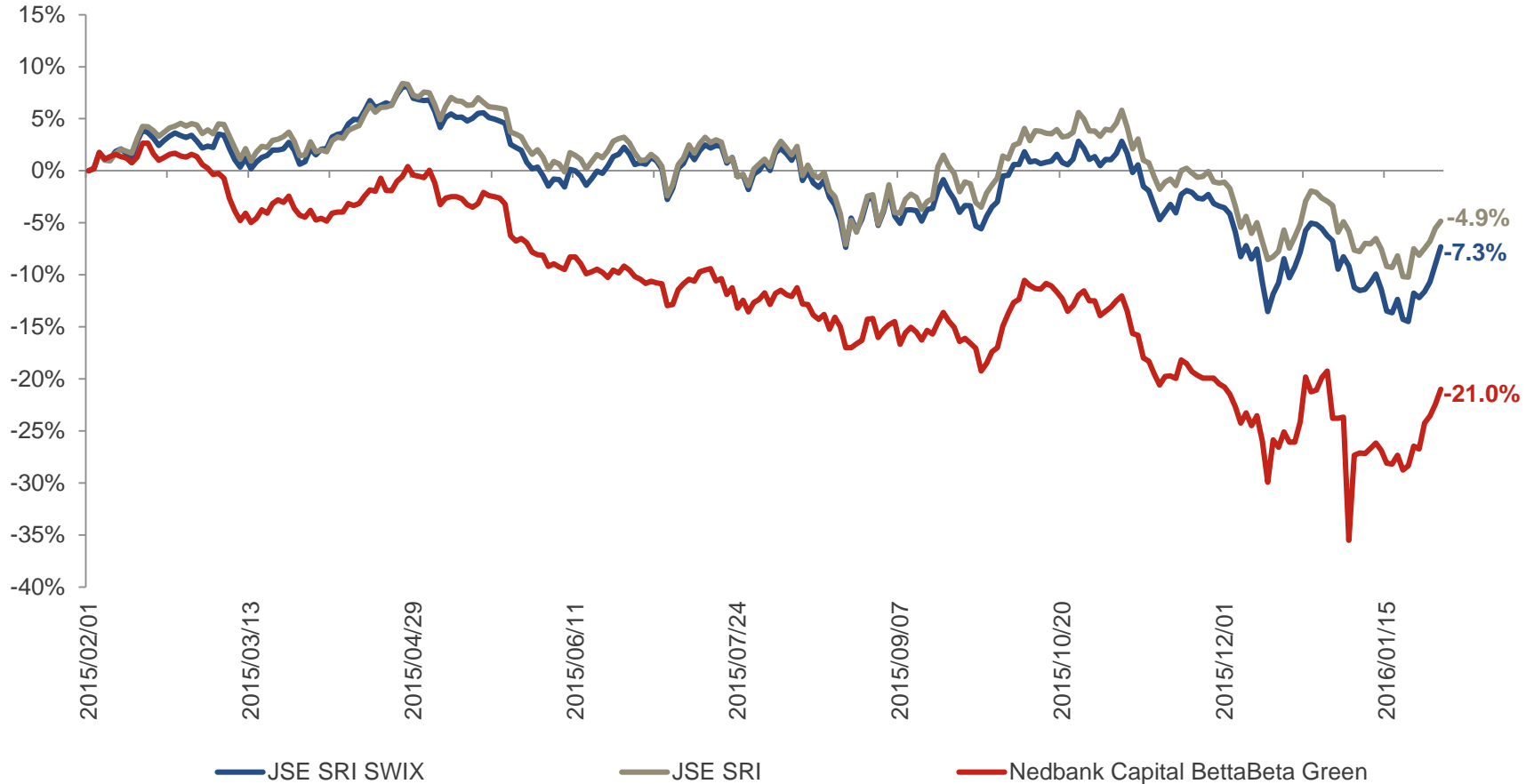
The returns from most of the commodities have been disastrous, with Palladium decreasing the most by 35.4%.

Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms

# Responsible investments indices

One year to January 2016

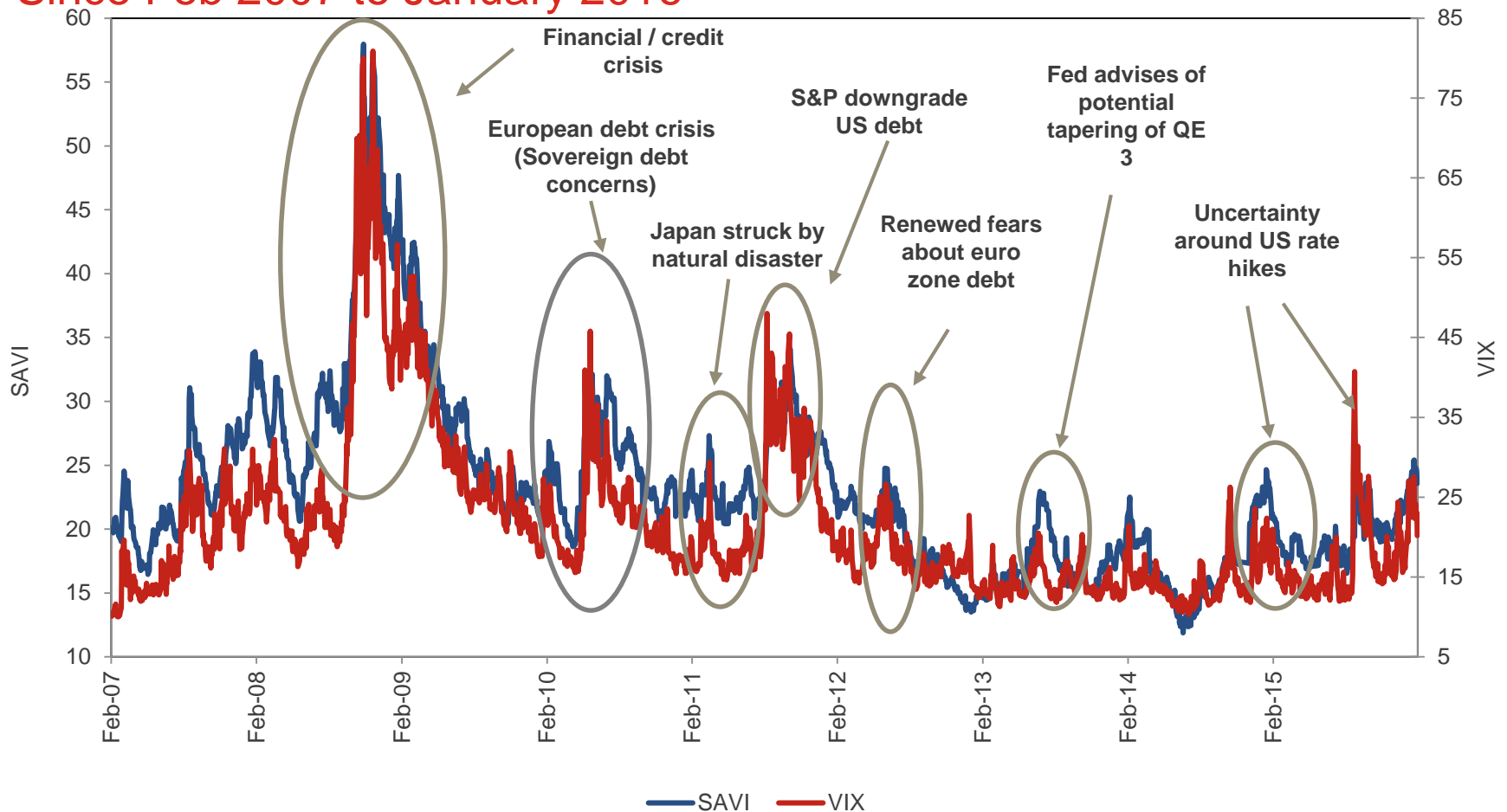


The responsible investment indices delivered negative returns for the year ended January 2016 and continue to lag their SWIX (-2.7%) and ALSI (-1.1%) counterparts.

Source: INET BFA and Momentum Investments

# SAVI-VIX

Since Feb 2007 to January 2016



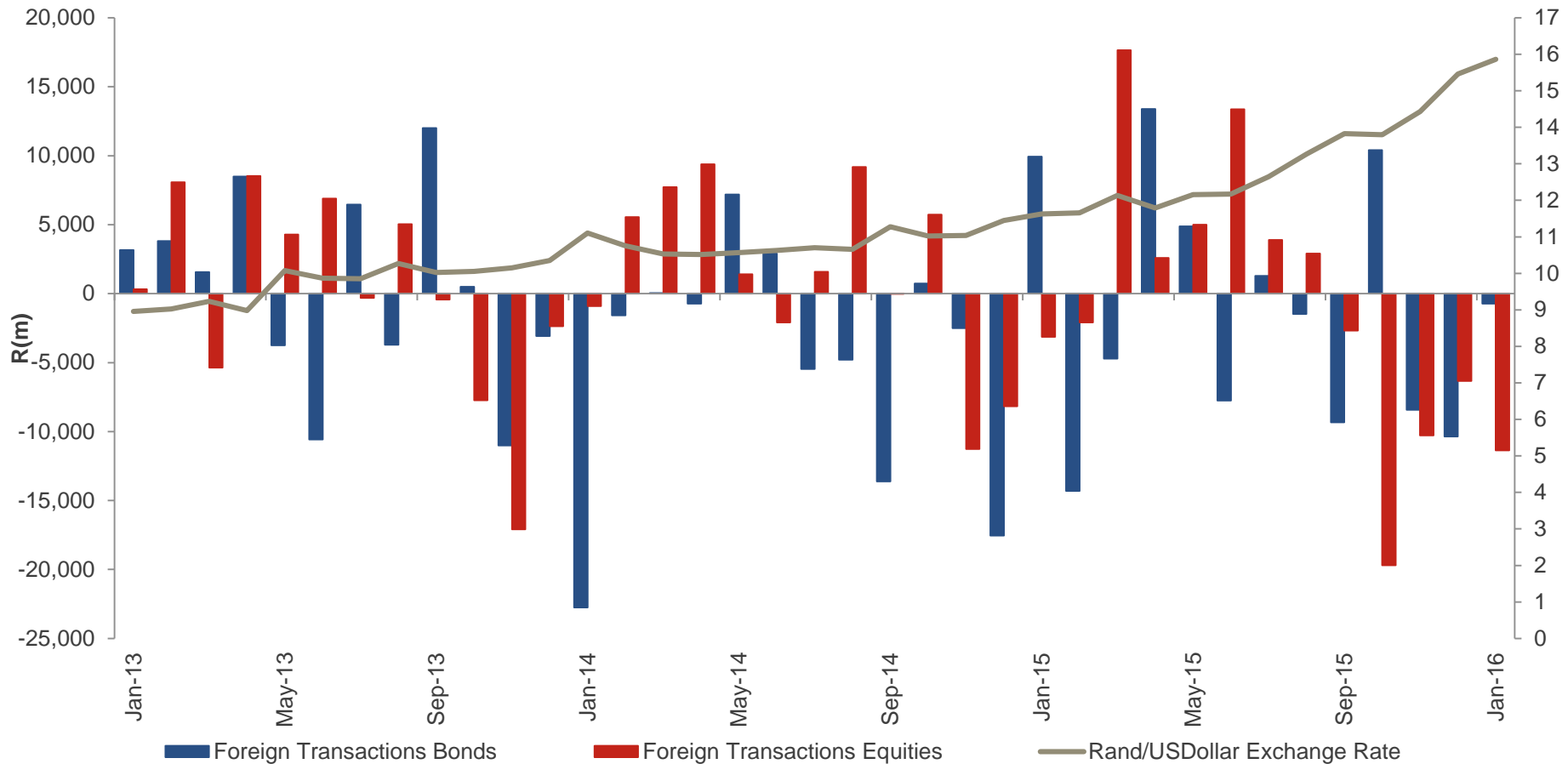
August and September saw higher levels of volatility, due to uncertainty around US interest rate increases as well as the fall in the Chinese share market following a rapid rise in prices.

Source: INET BFA and Momentum Investments

# Foreign transactions

## 2013 to 2016

m



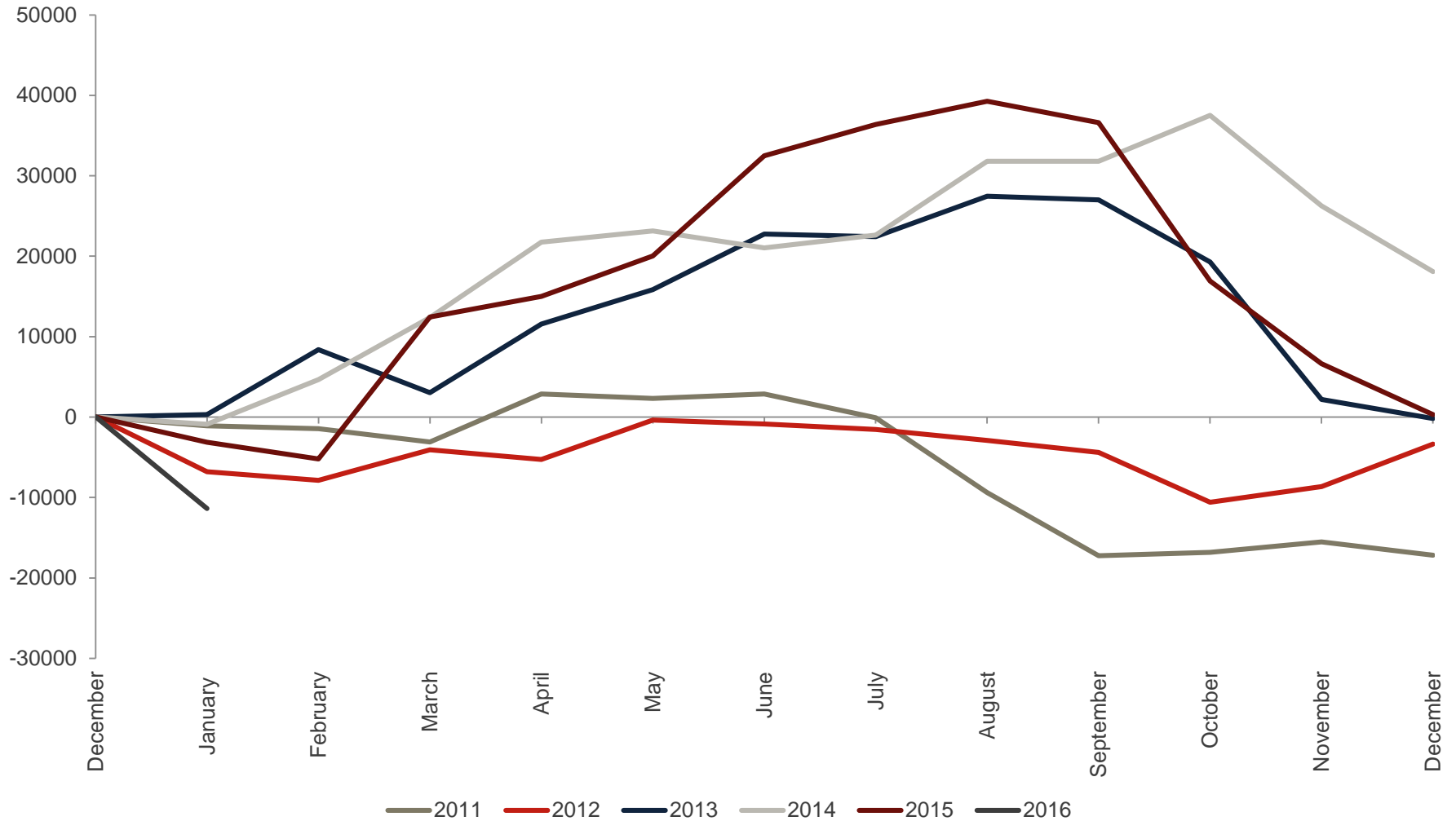
There have been mixed results over the years. For January 2016, net outflows have taken place from equities and local bonds.

Source: INET BFA and Momentum Investments

# Cumulative foreign transaction equities

## 2011 to 2016

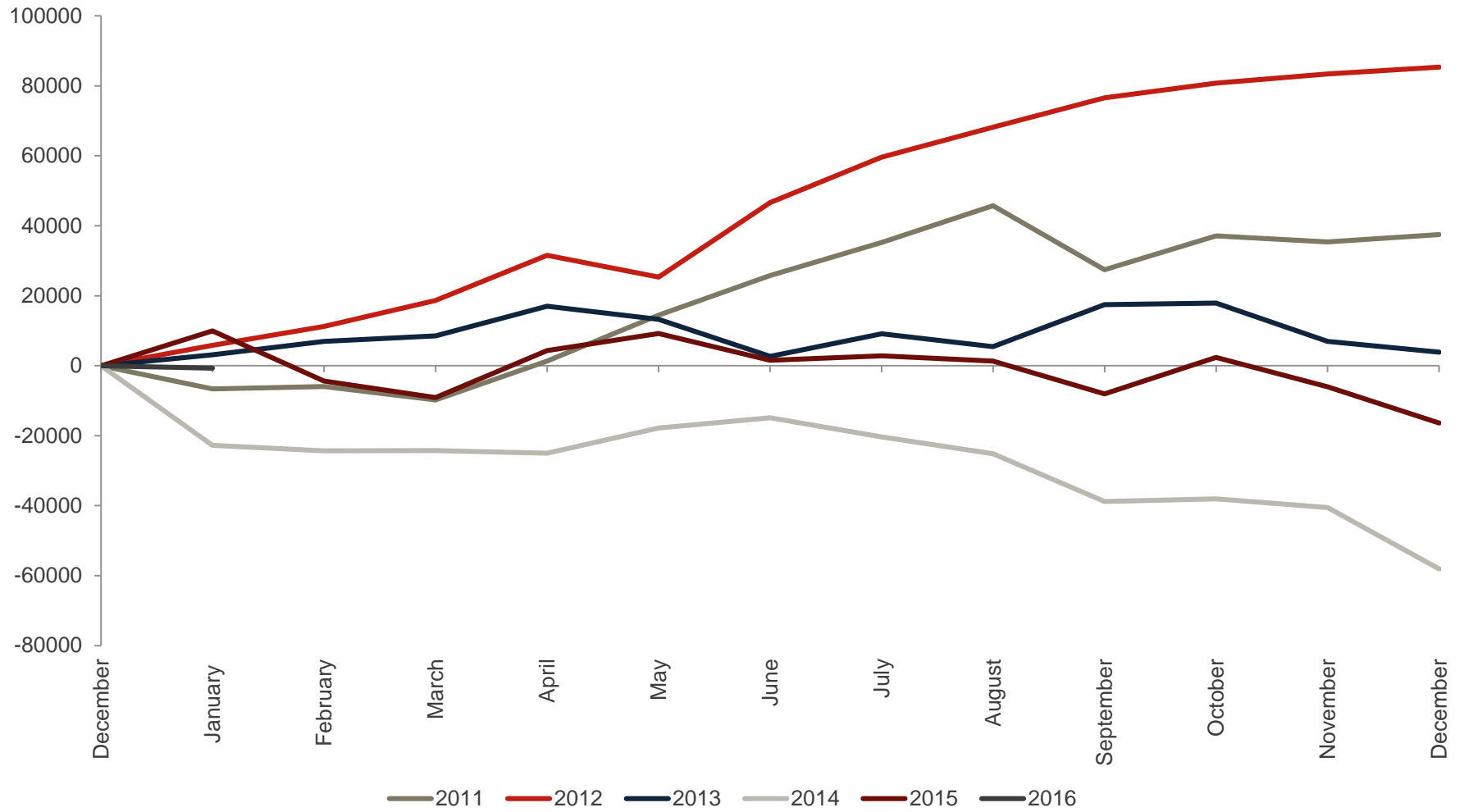
m



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 January 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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