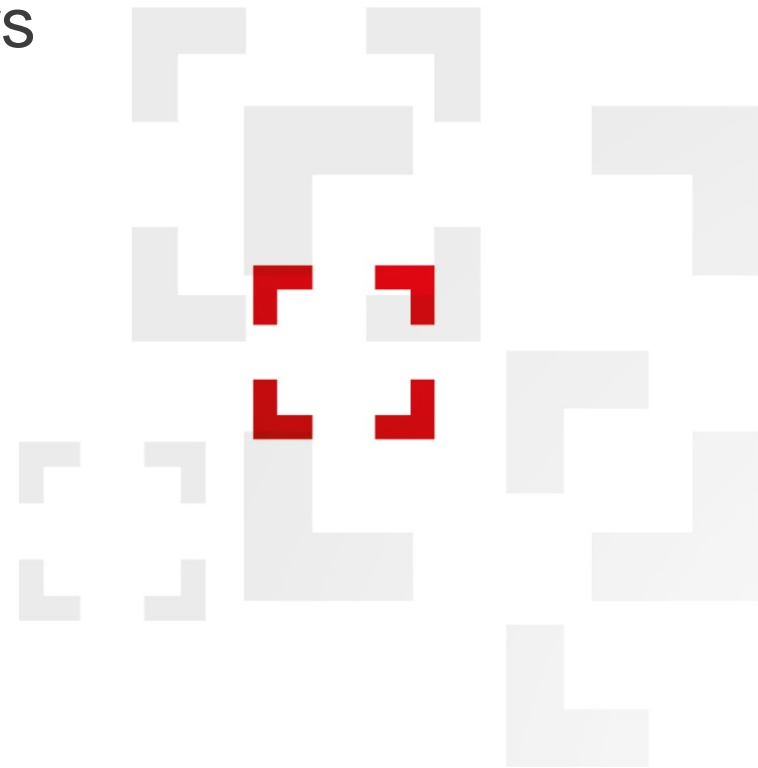


# Key market performance drivers

## Monthly charts

July 2016



# Market returns concentration

## One-year returns ending:



### July-16

NASPERS	
ANGLOGOLD ASHANTI LTD	
SIBANYE GOLD LTD	
HARMONY	
<b>Top 5</b>	<b>81%</b>
<b>Top 6</b>	<b>87%</b>
SABMILLER PLC	
STEINHOFF INTL HLD NV	
SAPPI	
<b>Top 10</b>	<b>103%</b>
SHOPRIT	
ANGLO AMERICAN PLATINUM	
LONMIN	
RESILIENT REIT LTD	
IMPALA PLATINUM HOLDINGS	
PAN-AF	
CAPITEC	
CLICKS GROUP LTD	
NORTHAM	
<b>Top 20</b>	<b>119%</b>
<b>Remaining</b>	<b>14%</b>
<b>Negative</b>	<b>-32%</b>

### June-16

NASPERS	
BRITISH AMERICAN TOBACCO	
ANGLOGOLD ASHANTI LTD	
SABMILLER PLC	
<b>Top 5</b>	<b>96%</b>
<b>Top 6</b>	<b>102%</b>
GFIELDS	
STEINHOFF INTL HLD NV	
SAPPI	
<b>Top 10</b>	<b>121%</b>
TIGBRANDS	
RESILIENT REIT LTD	
VODACOM	
CLICKS GROUP LTD	
FORTRESSB	
BLUETEL	
REDEFINE	
NEW EUROPE PROPERTY INVPLC	
ANGLO AMERICAN PLATINUM	
<b>Top 20</b>	<b>142%</b>
<b>Remaining</b>	<b>17%</b>
<b>Negative</b>	<b>-59%</b>

### May-16

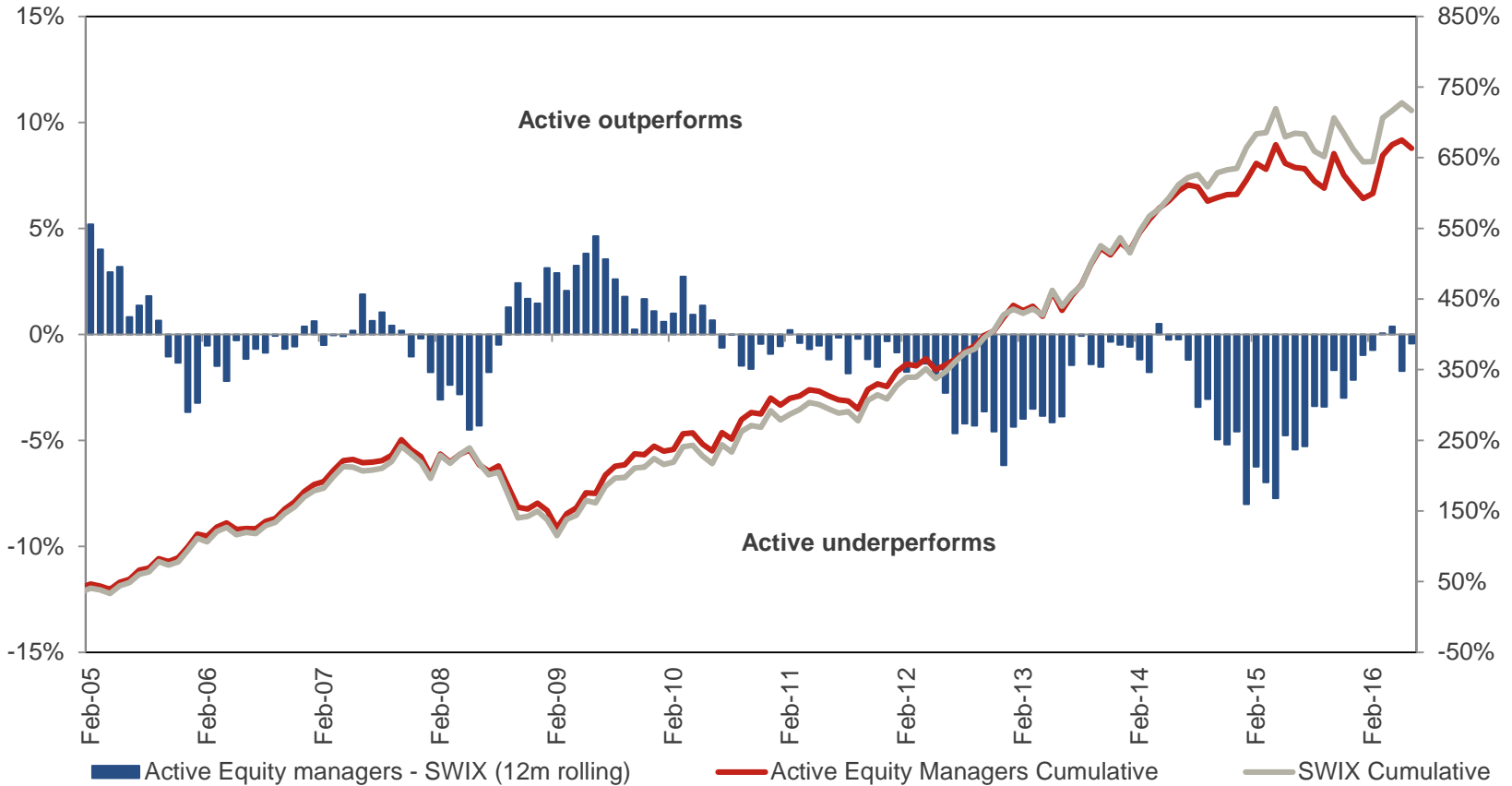
NASPERS	
BRITISH AMERICAN TOBACCO	
SABMILLER PLC	
STEINHOFF INTL HLD NV	
<b>Top 5</b>	<b>92%</b>
<b>Top 6</b>	<b>97%</b>
SASOL	
ANGLOGOLD ASHANTI LTD	
BRAIT	
SAPPI	
<b>Top 10</b>	<b>112%</b>
REINET INVESTMENTS	
HARMONY	
RESILIENT REIT LTD	
VODACOM	
TIGBRANDS	
NEW EUROPE PROPERTY INVPLC	
GFIELDS	
FORTRESSB	
CLICKS GROUP LTD	
TRUWORTHS INTERNATIONAL	
<b>Top 20</b>	<b>129%</b>
<b>Remaining</b>	<b>16%</b>
<b>Negative</b>	<b>-45%</b>

Market-cap weighted returns: 10 shares contributed 103% to the return of the SWIX, while 20 shares contributed 119%

Source: Barra, Deutsche Securities and Momentum Investments

# Active-index analysis

One-year rolling active to June\* 2016



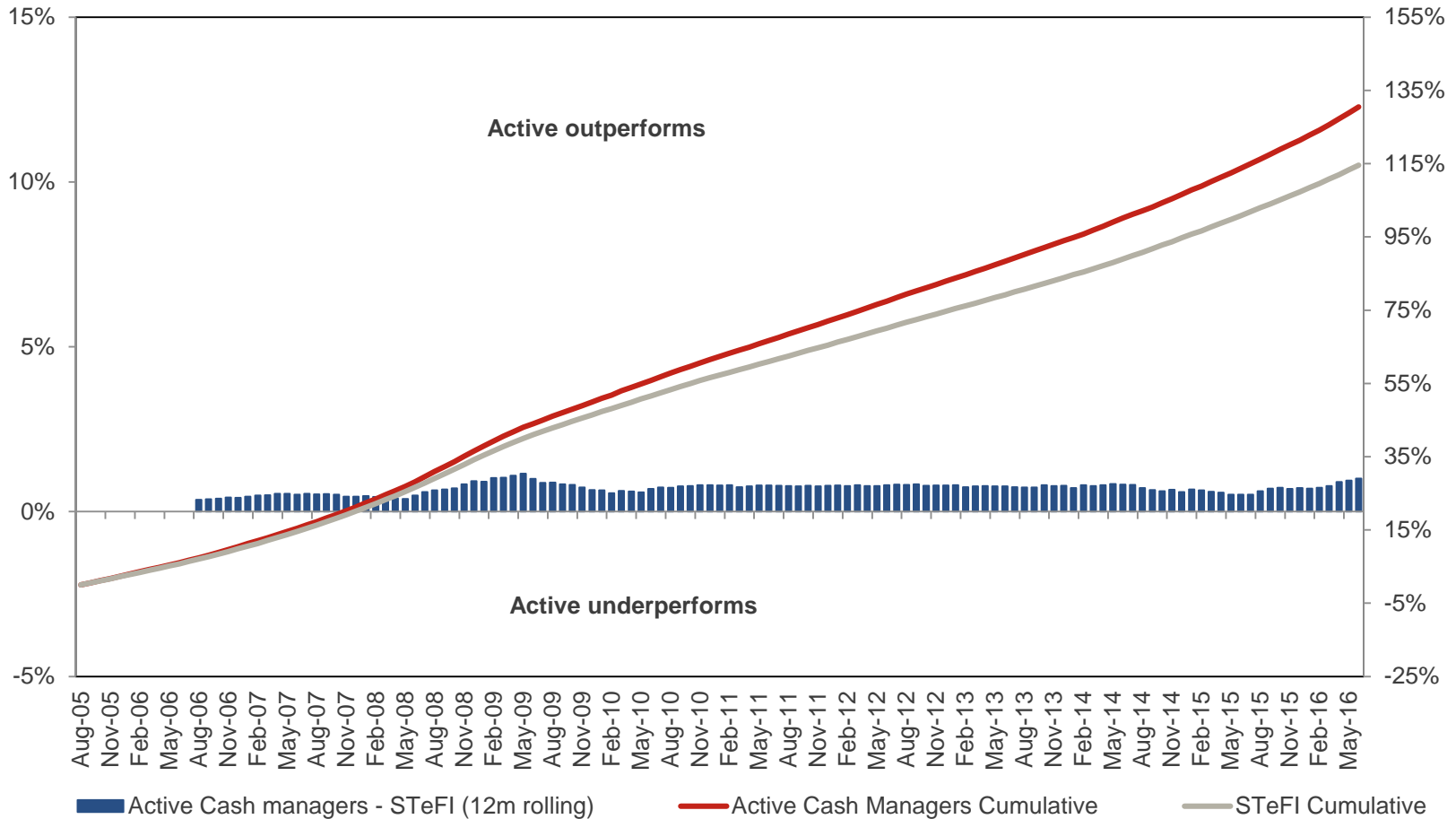
The average of the active equity managers underperformed the SWIX for the year ended June 2016

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 June\* 2016

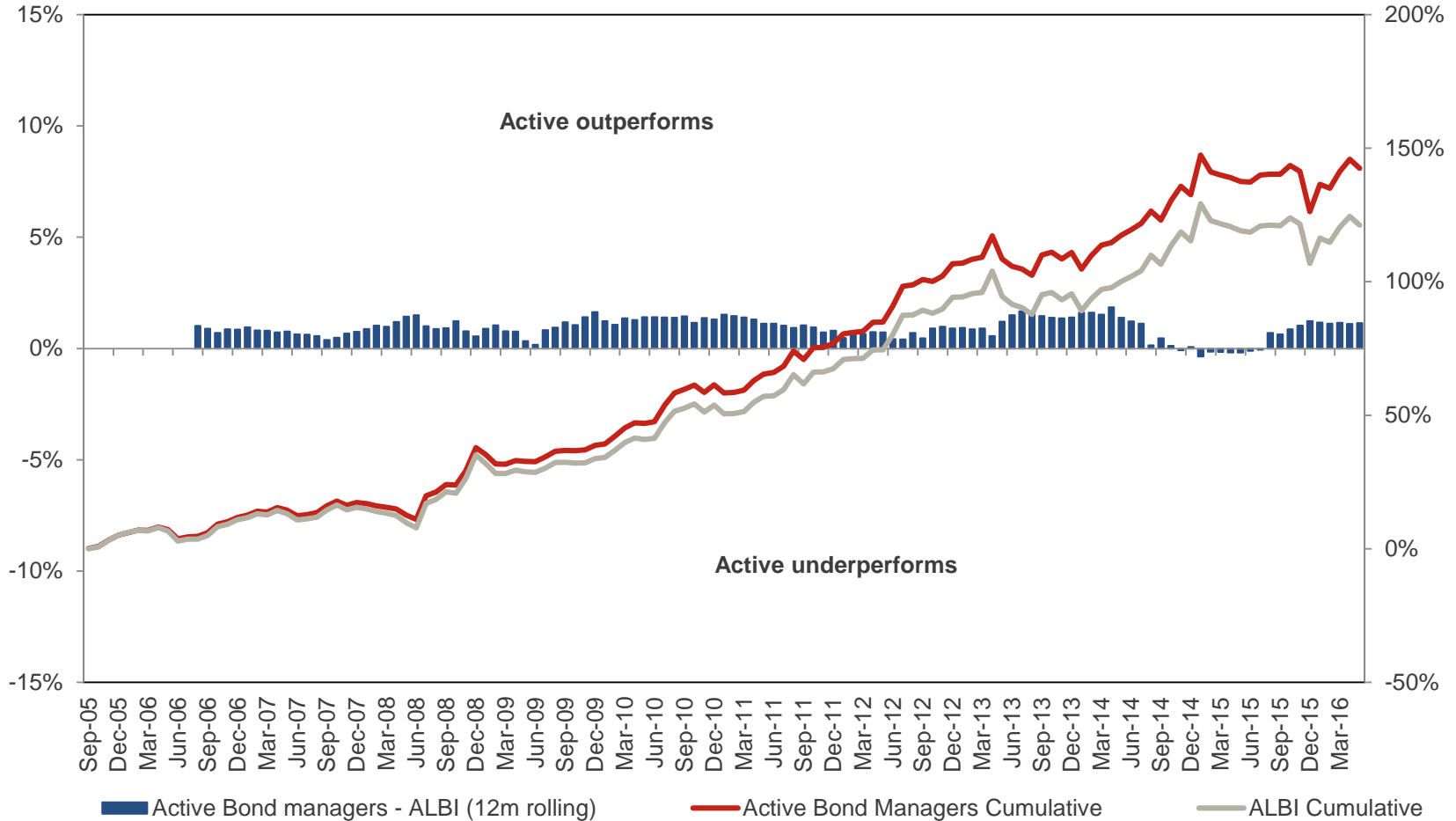


Source: Alexander Forbes S.A. Money Market Manager Watch™ Survey, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data

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

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

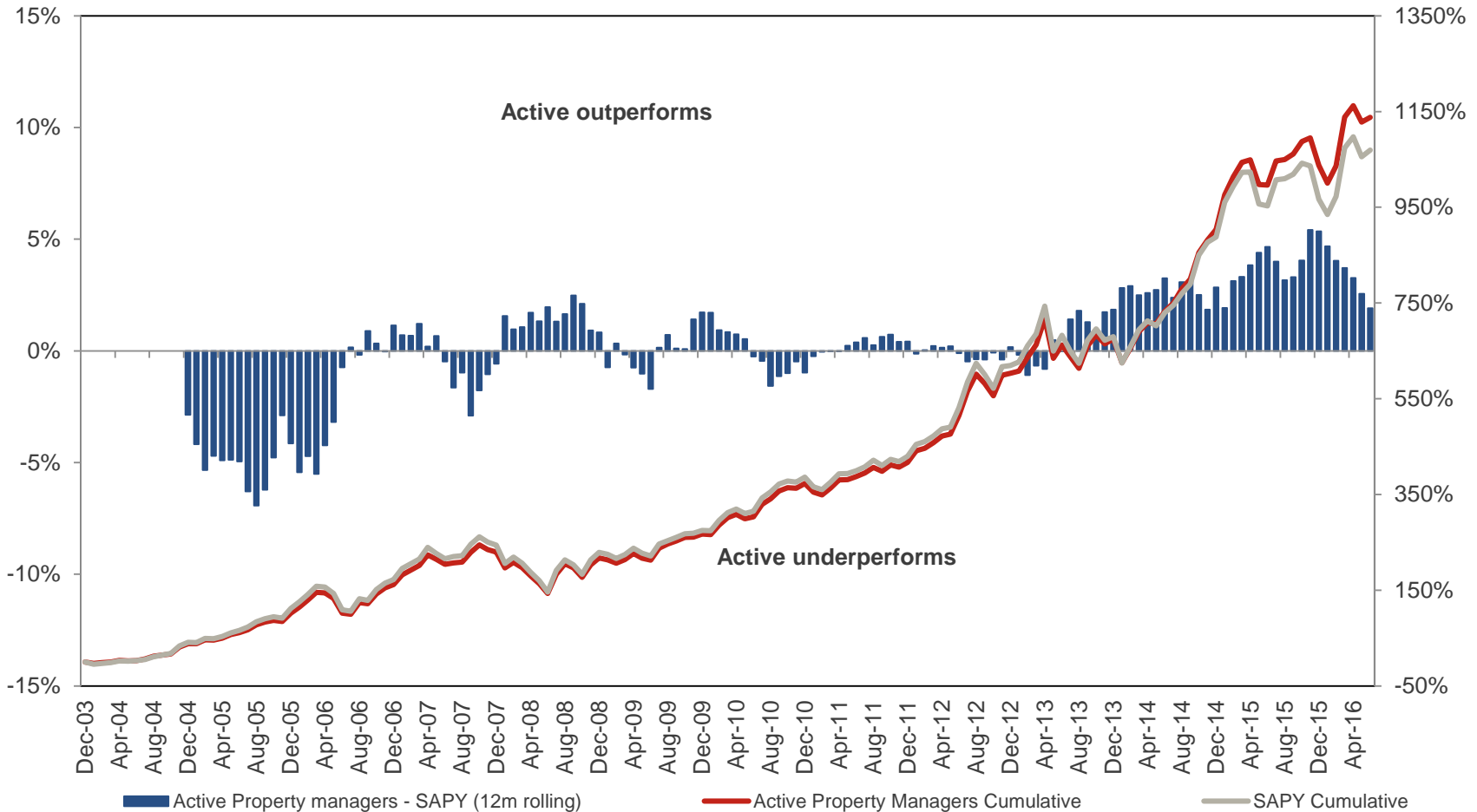


Source: Alexander Forbes S.A Bond Manager Watch™ Survey,  
INET BFA and Momentum Investments

\* Lagged by one month due to availability of data

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

## One-year rolling average to June\* 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 July 2016



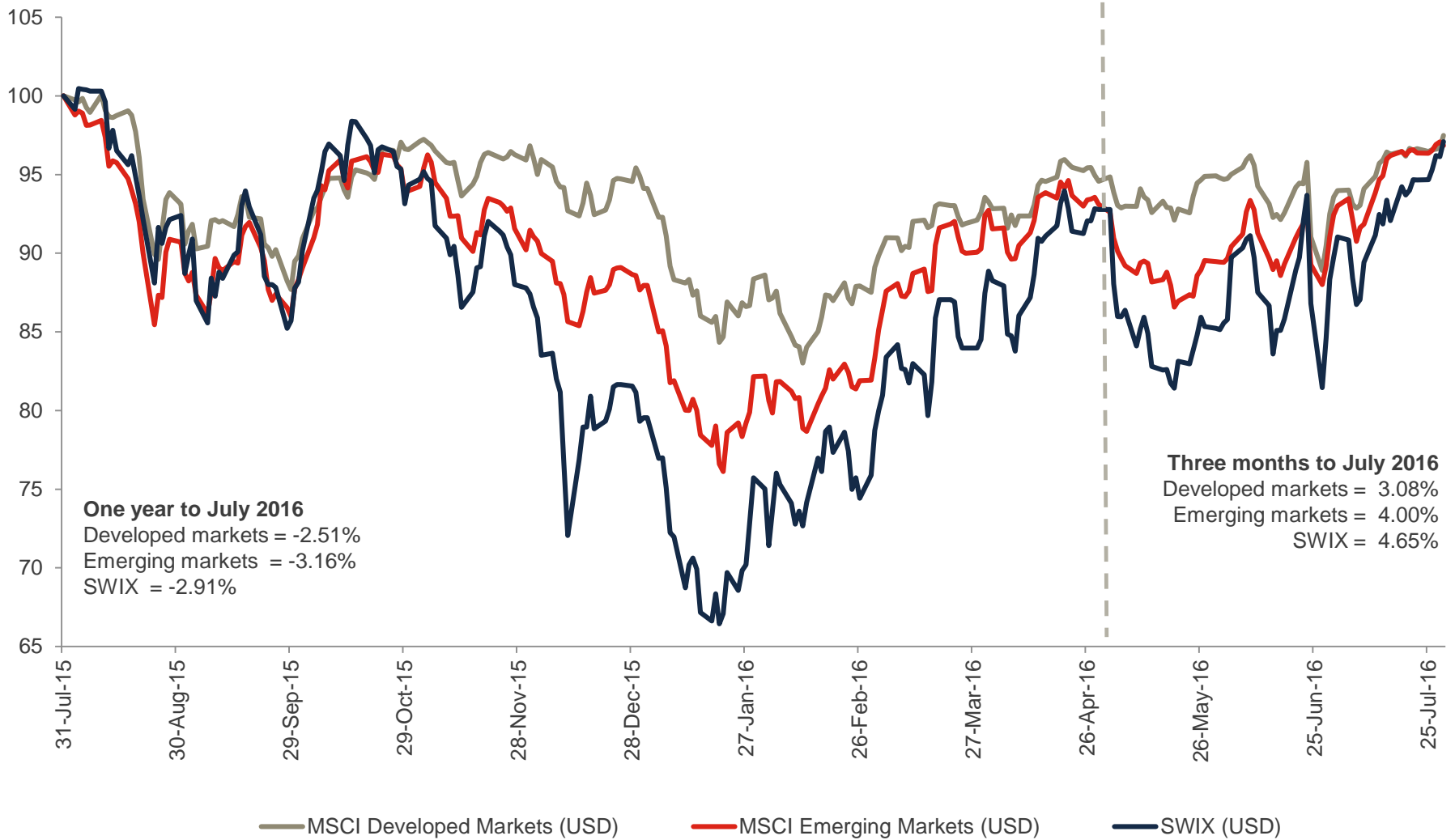
ZAR	Styles	One month to July 2016	Three months to July 2016	One year to July 2016	Three years to July 2016	Five years to July 2016	Ten years to July 2016	Twenty years to July 2016
Value	Book to Price	-1.28	-1.60	4.88	-1.73	-4.41	-2.32	2.03
	Dividend Yield	-1.46	-3.45	5.26	-1.41	-3.39	1.33	3.87
	Earnings Yield	-2.63	-6.74	-8.42	-4.26	-3.43	-1.32	2.36
	Cash Flow Yield	-2.38	-3.36	8.25	-2.42	-1.46	-1.49	2.75
	Sales to Price	-0.10	-1.34	3.99	-1.72	-3.63	-2.63	2.37
Quality	ROE	-1.60	-2.30	-6.74	-2.47	0.98	0.70	-1.87
	ROIC LT	2.28	-0.93	-2.17	-4.82	-1.01	-0.93	-2.39
	Income to Sales	-3.12	-4.65	-2.63	-1.62	0.77	0.28	-1.07
	Low market beta	0.17	3.47	13.70	6.43	5.07	-1.53	1.59
	Low Debt/Equity	-0.48	3.19	-4.50	-3.41	-1.24	-3.01	-1.69
	EBIT Margin Stability	-0.33	-0.17	-1.71	3.30	6.13	3.68	-0.75
Growth	Earnings Growth	-3.21	-5.04	-10.15	-3.34	-1.25	-1.93	-1.71
	Sales Growth	-2.41	-1.09	-5.41	-1.07	1.15	0.91	0.03
	12M Earning Growth	3.02	7.97	3.64	1.25	-2.29	1.90	6.40
Momentum	FY1 Earnings Revisions	0.31	-1.19	1.83	8.07	6.45	10.11	8.52
	Short Term Momentum	2.70	0.51	19.80	6.34	3.90	1.22	-1.15
	Medium Term Momentum	0.22	2.44	1.81	7.26	8.66	5.52	7.00
Size	Size	2.83	5.47	2.37	1.83	0.94	0.88	-0.07

The various Momentum and Size factors had strong returns for the short and longer term. Overall, the various value factors and some momentum factors are strong in the much longer term.

Source: FactSet, Momentum Global Investment Management and Momentum Investments

# MSCI developed and emerging markets

One year to July 2016

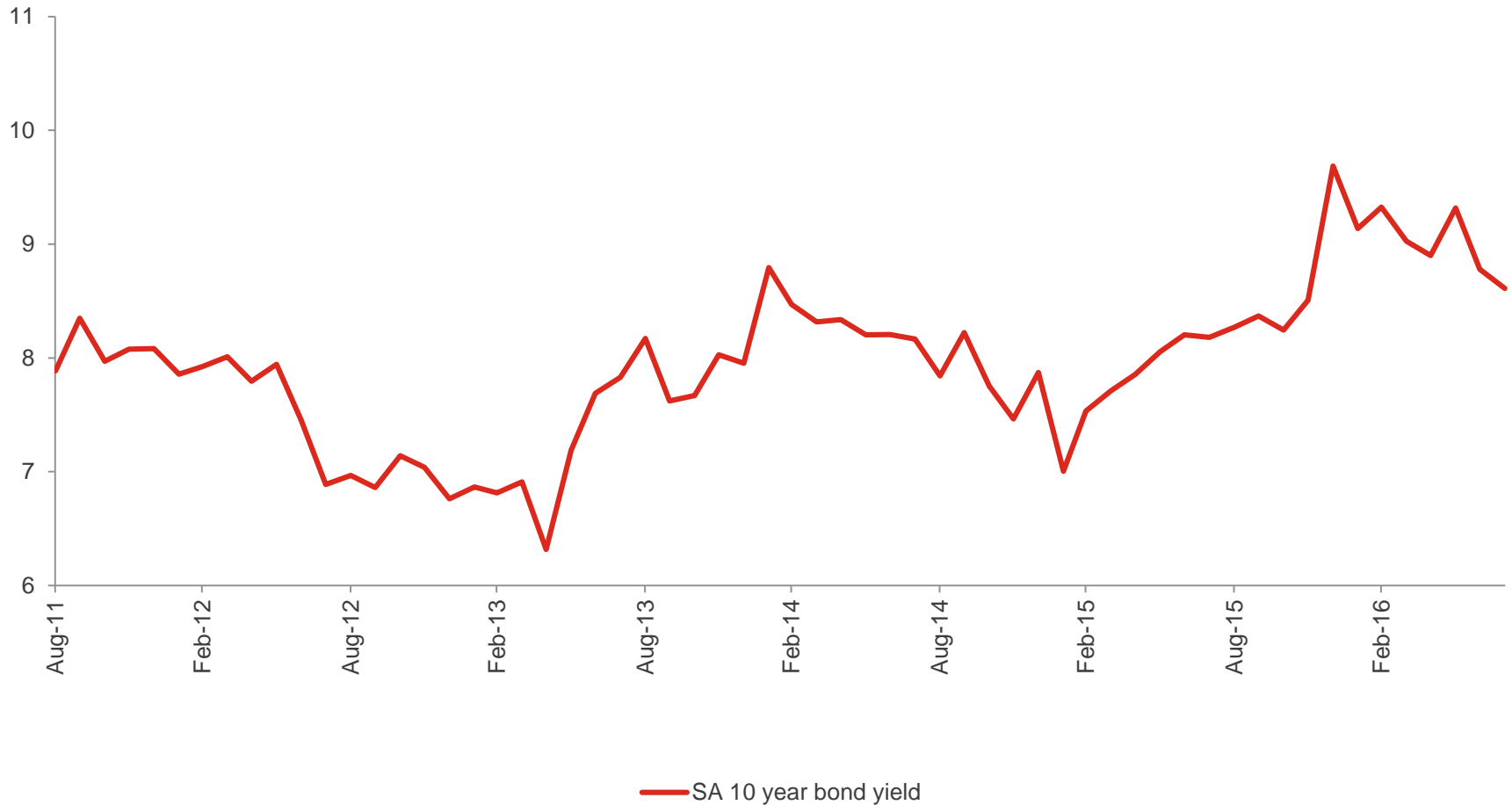


Source: INET BFA, MSCI and Momentum Investments



# SA 10-year bond yields

Five years to July 2016



SA 10-year bond yields decreased by 17 bps for July 2016

Source: INET BFA and Momentum Investments

# Yield of R197 (inflation-linked bond)

Since May 2001 to July 2016

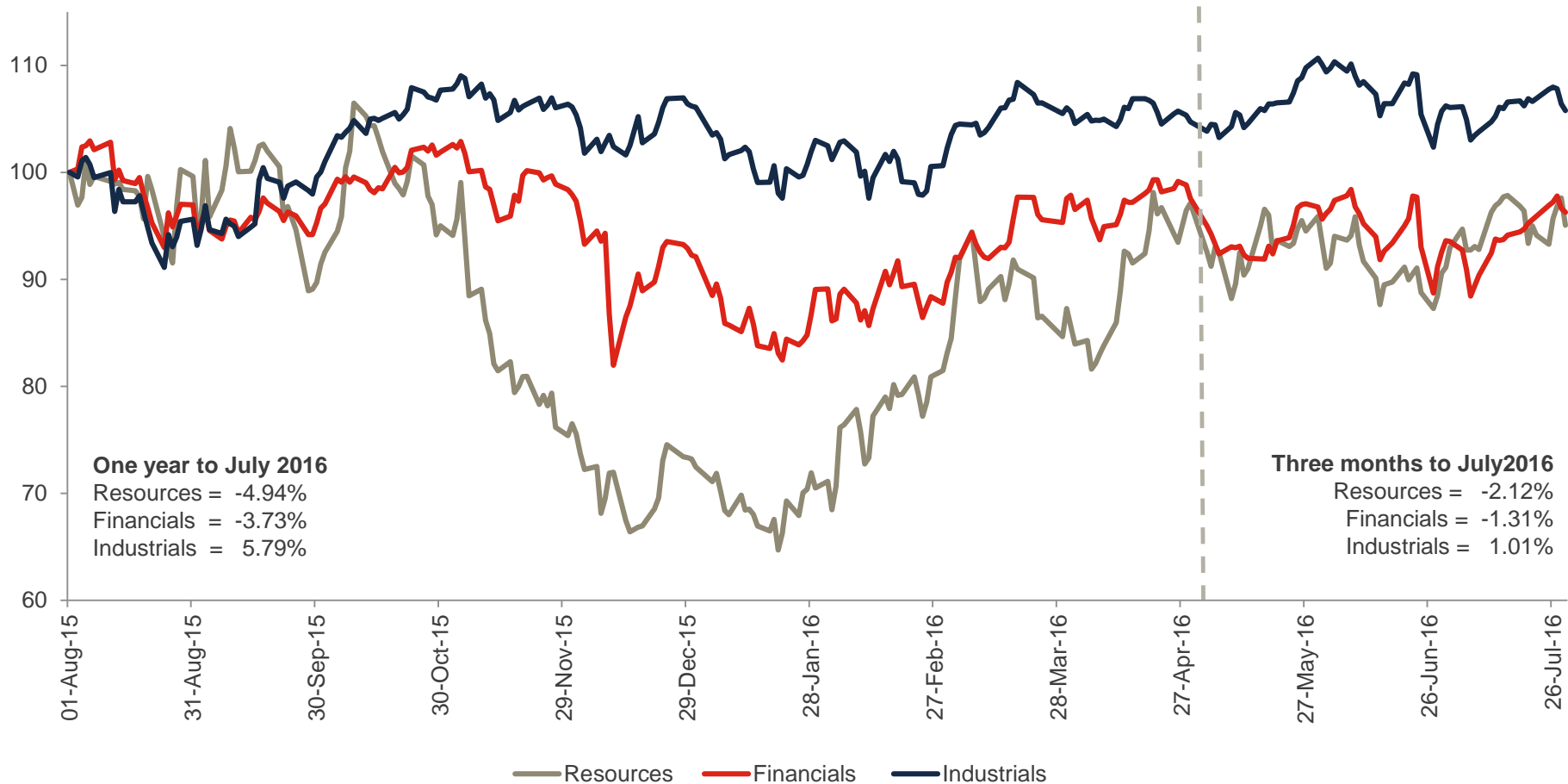


Inflation-linked bond yields ended marginally higher for July 2016

Source: INET BFA and Momentum Investments

# FTSE/JSE sectors

One year to July 2016

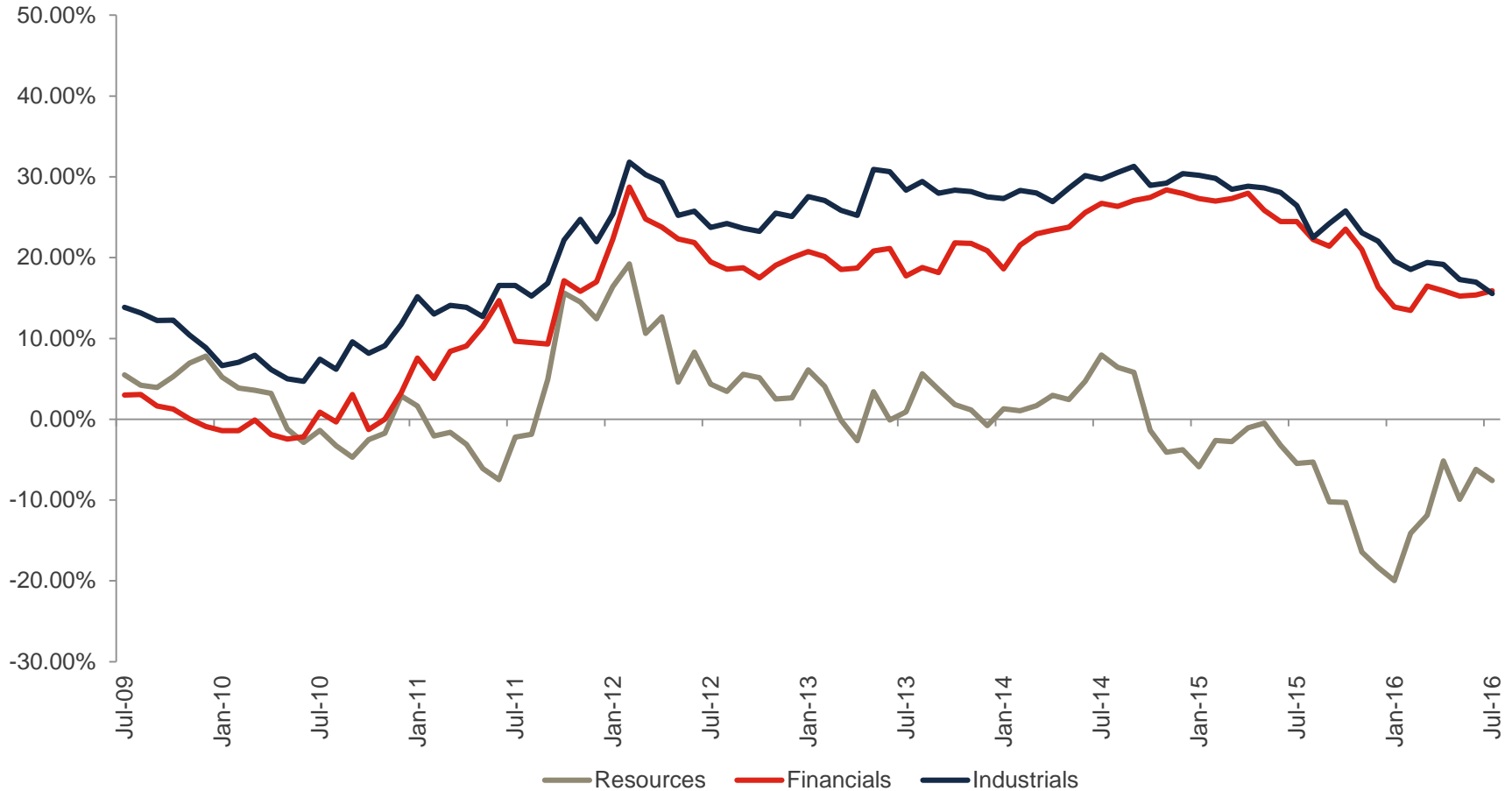


**FTSE/JSE Industrials was the only sector to produce positive returns for the three-month and one-year periods**

Source: INET BFA and Momentum Investments

# FTSE/JSE sectors

Rolling three-year return to July 2016



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

Source: INET BFA and Momentum Investments

Returns are annualised

# FTSE/JSE sectors

Decomposed (three months to July 2016)



## Three months to July 2016

1	Gold Mining	Mining	30.1%	19	Real Estate Investment Trusts	Financials	-0.3%
2	Fixed Line Telecommunications	Telecommunication	18.6%	20	Non-life Insurance	Financials	-0.8%
3	Industrial Metals	Basic Materials	17.2%	21	Support Services	Industrials	-1.2%
4	General Industrials	Industrials	14.8%	22	Household Goods	Consumer Goods	-1.3%
5	Pharmaceuticals & Biotechnology	Health Care	11.7%	23	Industrial Engineering	Industrials	-1.5%
6	Media	Consumer Services	11.6%	24	Life Insurance	Financials	-2.7%
7	Travel & Leisure	Consumer Services	11.5%	25	Mobile Telecommunications	Telecommunication	-4.5%
8	Software & Computer Services	Technology	8.0%	26	Beverages	Consumer Goods	-7.0%
9	Banks	Financials	7.1%	27	Coal Mining	Mining	-7.5%
10	Food Producers	Consumer Goods	7.0%	28	Automobiles & Parts	Consumer Goods	-7.7%
11	Platinum Mining	Mining	5.8%	29	General Mining	Mining	-8.5%
12	Forestry & Paper	Basic Materials	5.0%	30	Personal Goods	Consumer Goods	-10.4%
13	General Retailers	Consumer Services	3.2%	31	Electronic & Electrical Equipment	Industrials	-11.4%
14	Industrial Transportation	Industrials	1.9%	32	Real Estate Investment & Services	Financials	-11.6%
15	Tobacco	Consumer Goods	1.2%	33	General Financial	Financials	-14.1%
16	Food & Drug Retailers	Consumer Services	1.0%	34	Construction & Materials	Industrials	-16.4%
17	Equity Investment Instruments	Financials	0.4%	35	Chemicals	Basic Materials	-18.3%
18	Health Care Equipment & Services	Health Care	-0.1%				

### Key

#### Resources

Financials

Industrials

Gold Mining and Fixed Line Telecommunications were the best-performing sectors for the last three months

Source: Barra, Deutsche Securities and Momentum Investments

# FTSE/JSE sectors

## Decomposed (one year to July 2016)



### One year to July 2016

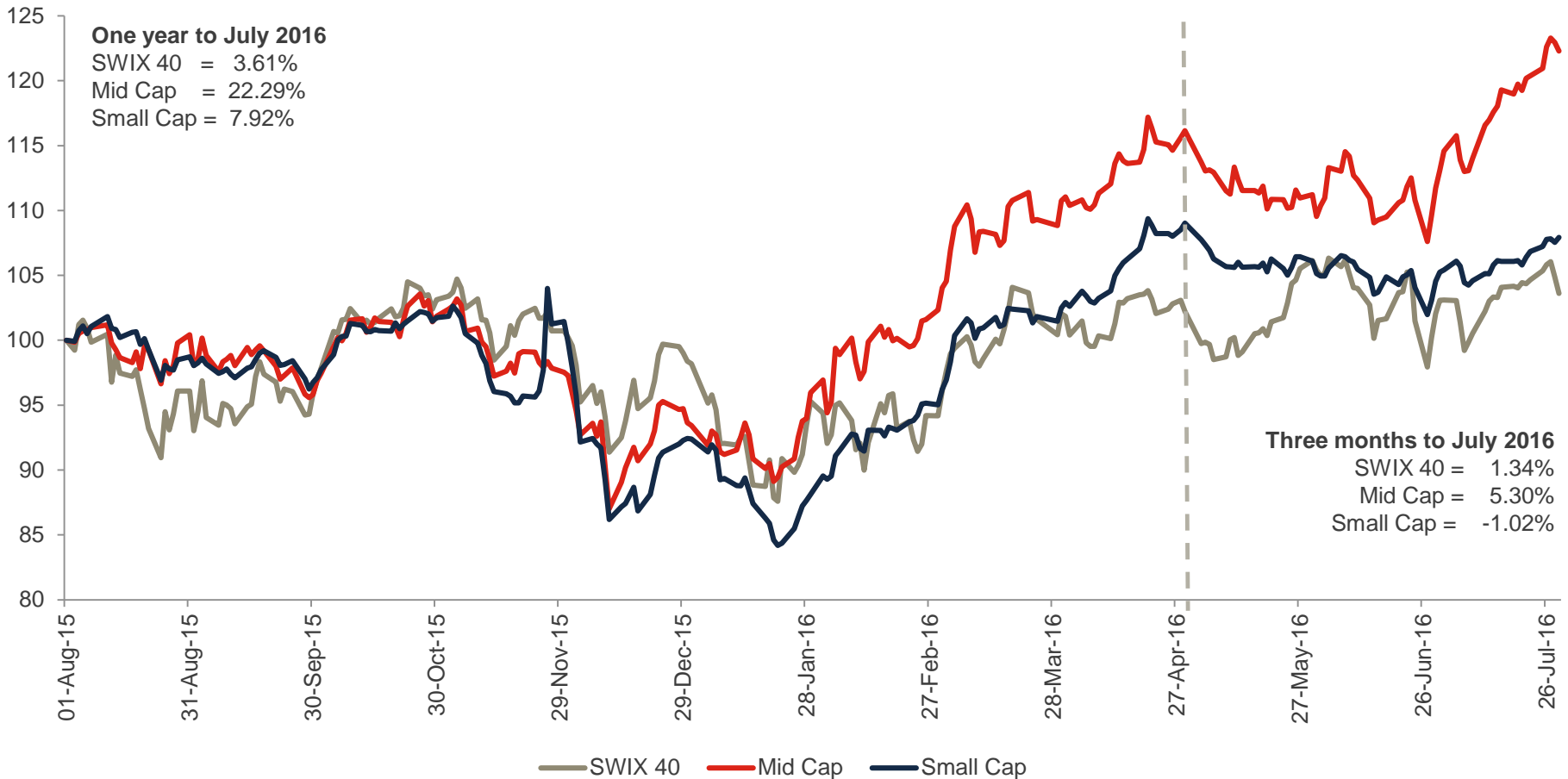
1	Gold Mining	Mining	252.1%	19	General Retailers	Consumer Services	1.5%
2	Industrial Metals	Basic Materials	49.6%	20	Health Care Equipment & Services	Health Care	-0.4%
3	Platinum Mining	Mining	36.2%	21	Industrial Transportation	Industrials	-1.4%
4	Beverages	Consumer Goods	24.2%	22	Real Estate Investment & Services	Financials	-2.3%
5	Media	Consumer Services	23.2%	23	Life Insurance	Financials	-3.2%
6	Tobacco	Consumer Goods	22.7%	24	Banks	Financials	-5.6%
7	General Industrials	Industrials	20.9%	25	Electronic & Electrical Equipment	Industrials	-6.7%
8	Food Producers	Consumer Goods	18.8%	26	Industrial Engineering	Industrials	-7.5%
9	Household Goods	Consumer Goods	16.9%	27	Chemicals	Basic Materials	-11.0%
10	Coal Mining	Mining	13.2%	28	General Mining	Mining	-13.7%
11	Non-life Insurance	Financials	12.9%	29	General Financial	Financials	-15.5%
12	Fixed Line Telecommunications	Telecommunication	11.8%	30	Software & Computer Services	Technology	-17.7%
13	Food & Drug Retailers	Consumer Services	9.2%	27	Personal Goods	Consumer Goods	-21.1%
14	Real Estate Investment Trusts	Financials	5.7%	33	Mobile Telecommunications	Telecommunication	-21.1%
15	Forestry & Paper	Basic Materials	5.2%	30	Construction & Materials	Industrials	-22.4%
16	Travel & Leisure	Consumer Services	5.0%	34	Support Services	Industrials	-38.1%
17	Equity Investment Instruments	Financials	4.3%	35	Automobiles & Parts	Consumer Goods	-40.8%
18	Pharmaceuticals & Biotechnology	Health Care	2.6%				

**Key**  
 Resources  
 Financials  
 Industrials

Source: Barra, Deutsche Securities and Momentum Investments

# FTSE/JSE market caps

One year to July 2016

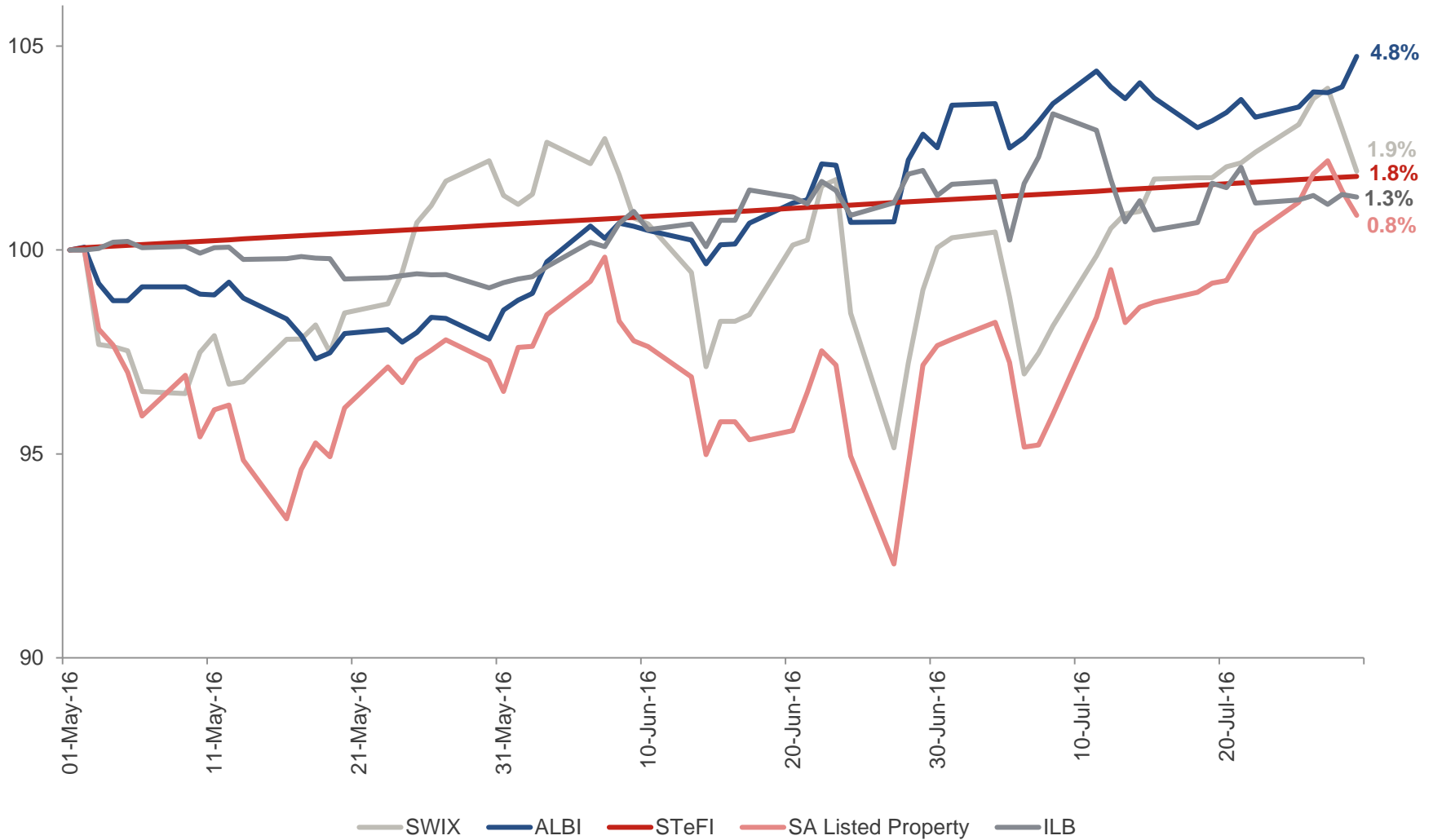


While all of the market caps performed well over the last year, the FTSE/JSE Mid Cap Index had double-digit returns for the period

Source: INET BFA and Momentum Investments

# Local asset classes

## Three months to July 2016



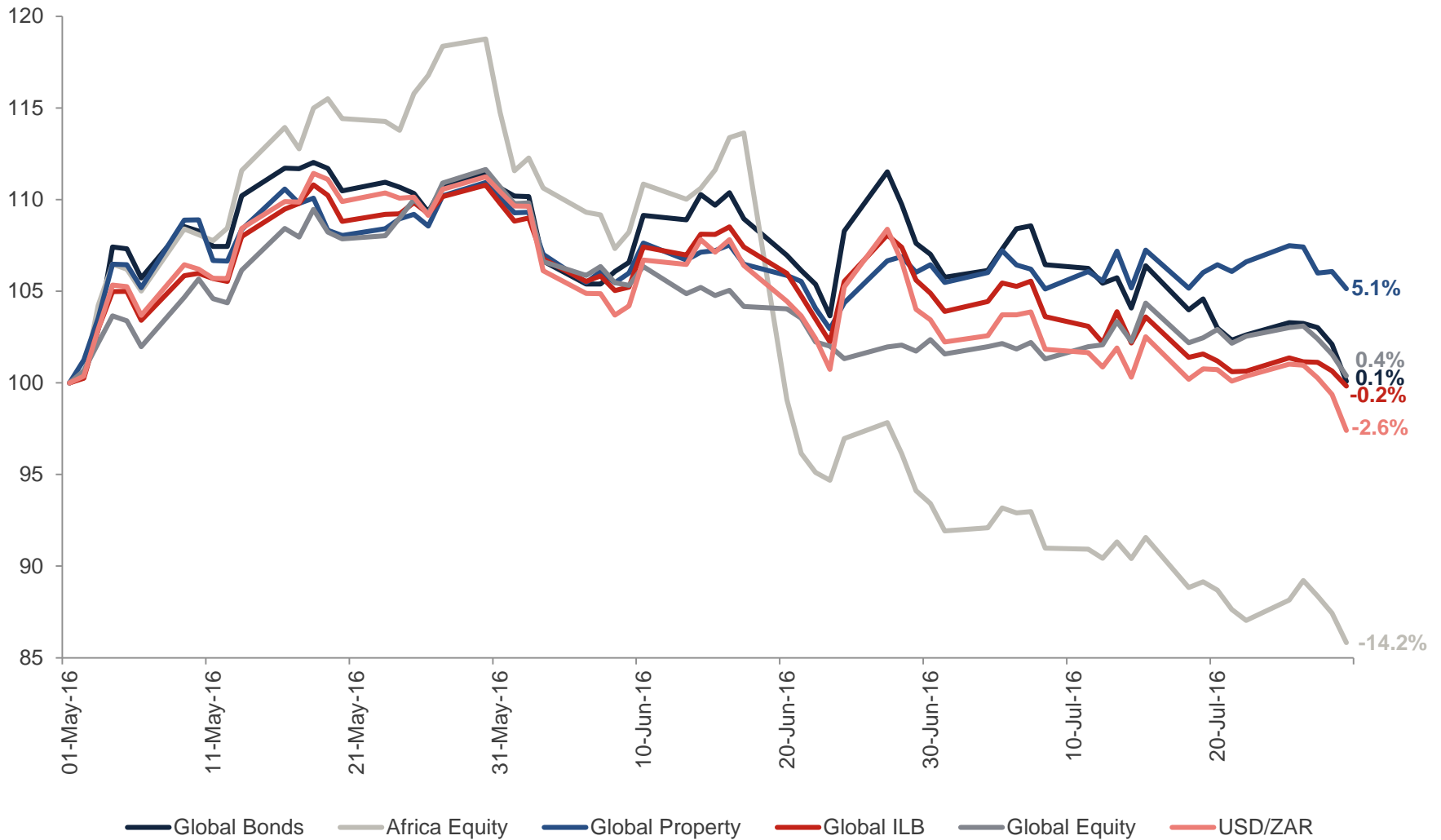
Source: INET BFA and Momentum Investments

All returns in rand terms



# Global asset classes

## Three months to July 2016

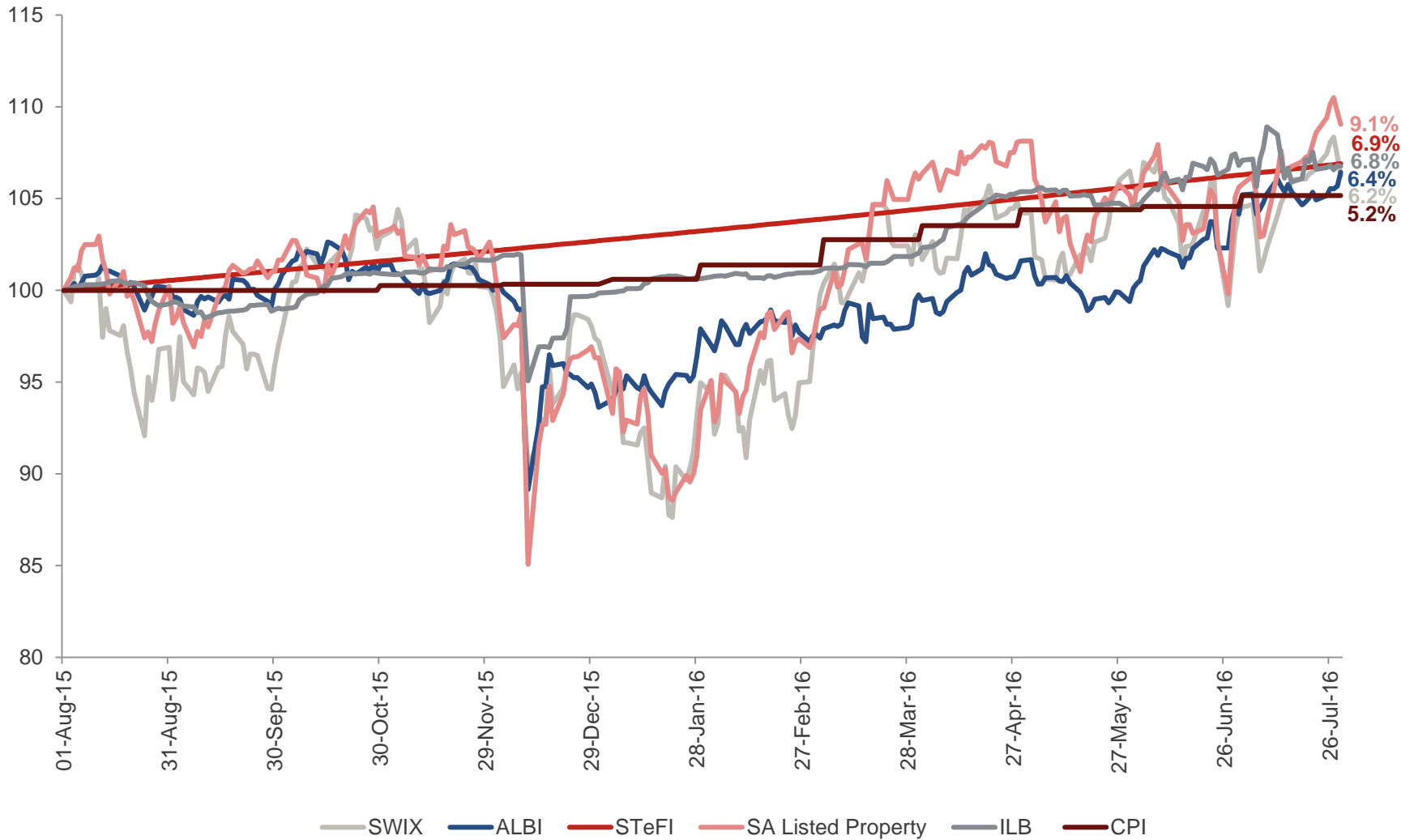


Source: INET BFA and Momentum Investments

All returns in rand terms

# Local asset classes

One year to July 2016



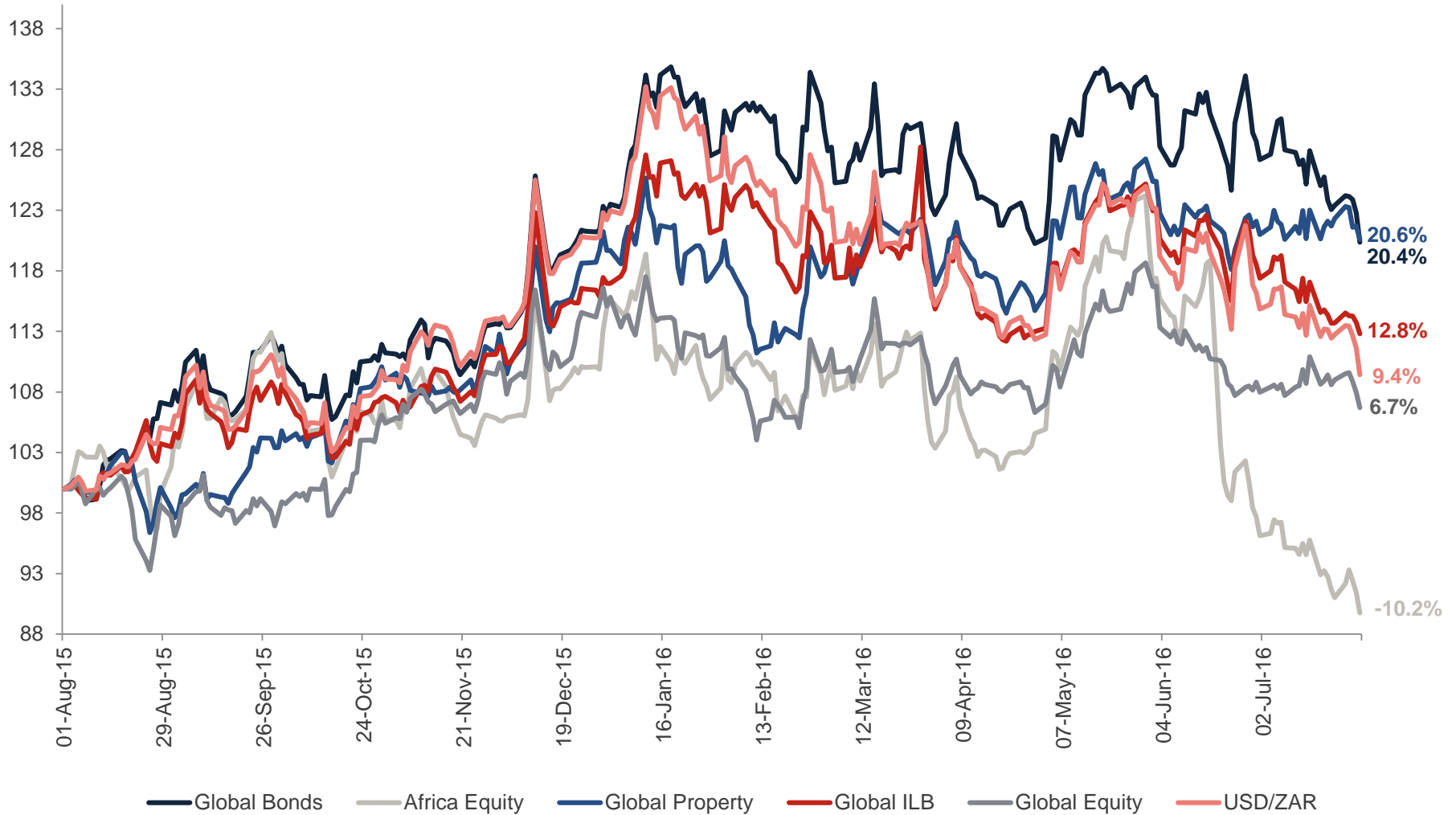
Source: INET BFA and Momentum Investments

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

All returns in rand terms

# Global asset classes

## One year to July 2016

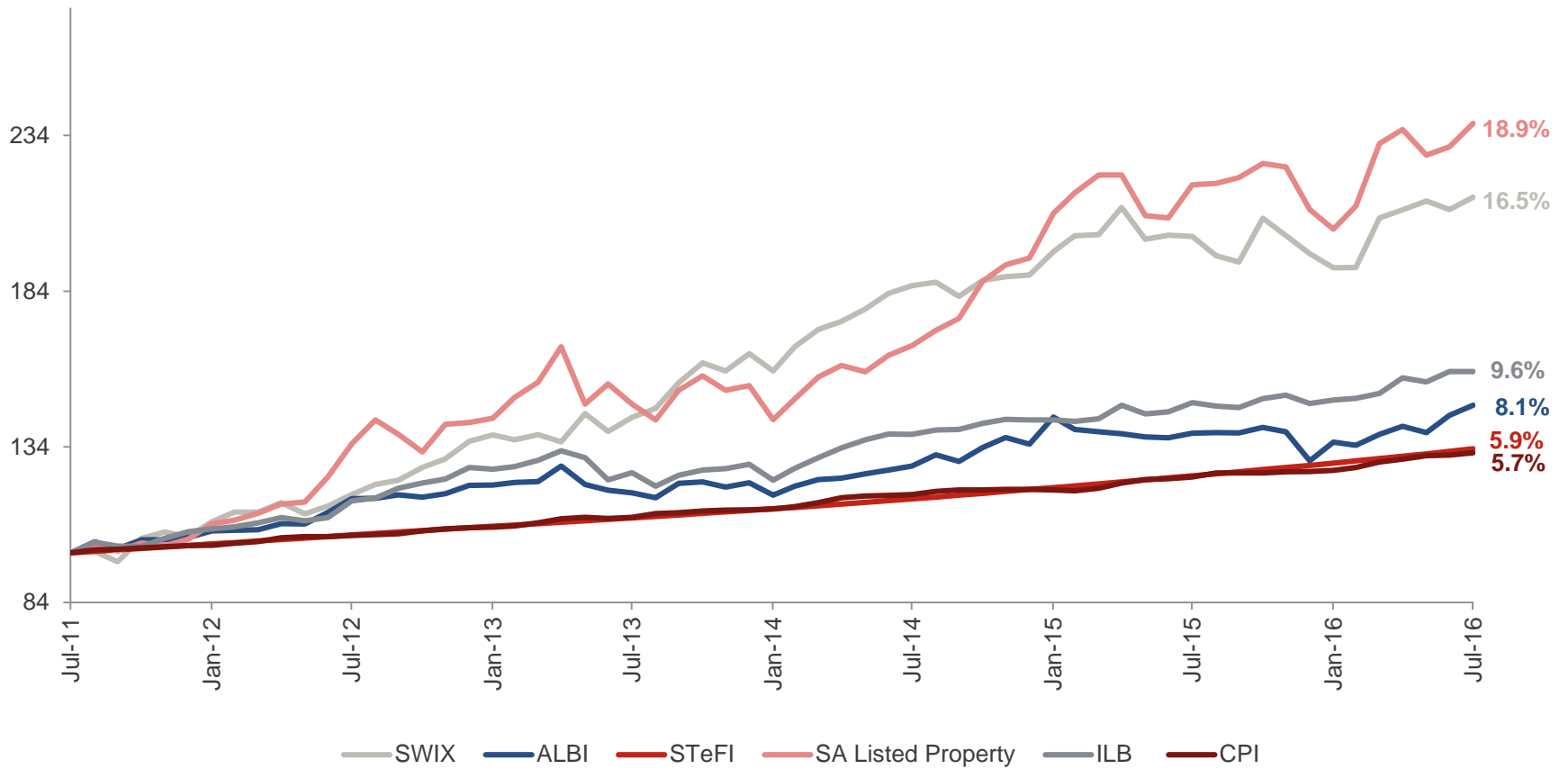


Source: INET BFA and Momentum Investments

All returns in rand terms

# Local asset classes

Five years to July 2016



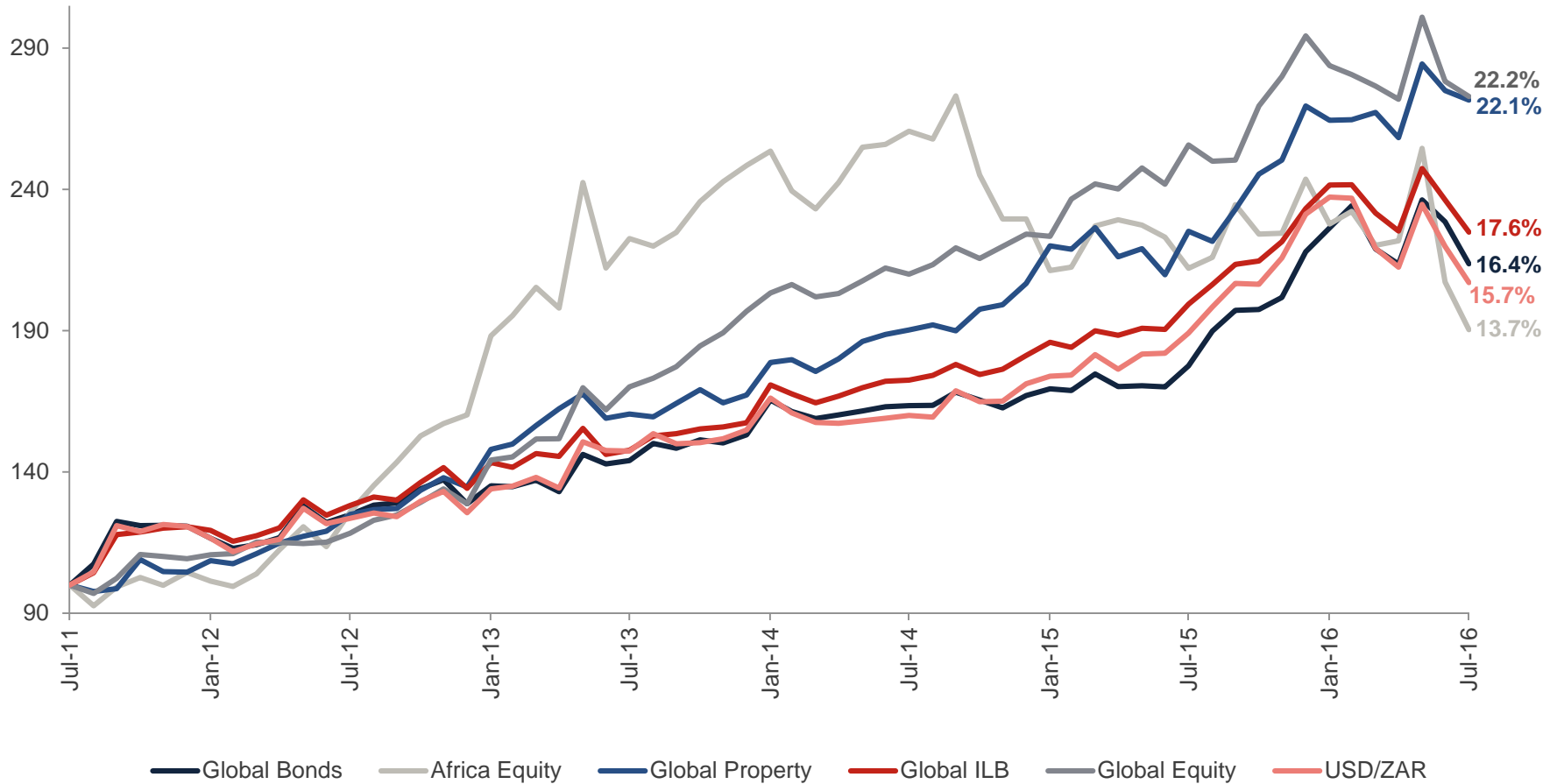
The FTSE/JSE SA Listed Property and the FTSE/JSE SWIX remained in the lead for the five-year period. All the depicted asset classes ended the period ahead of inflation\* (five-year inflation was 5.7%).

Source: INET BFA and Momentum Investments

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

# Global asset classes

Five years to July 2016



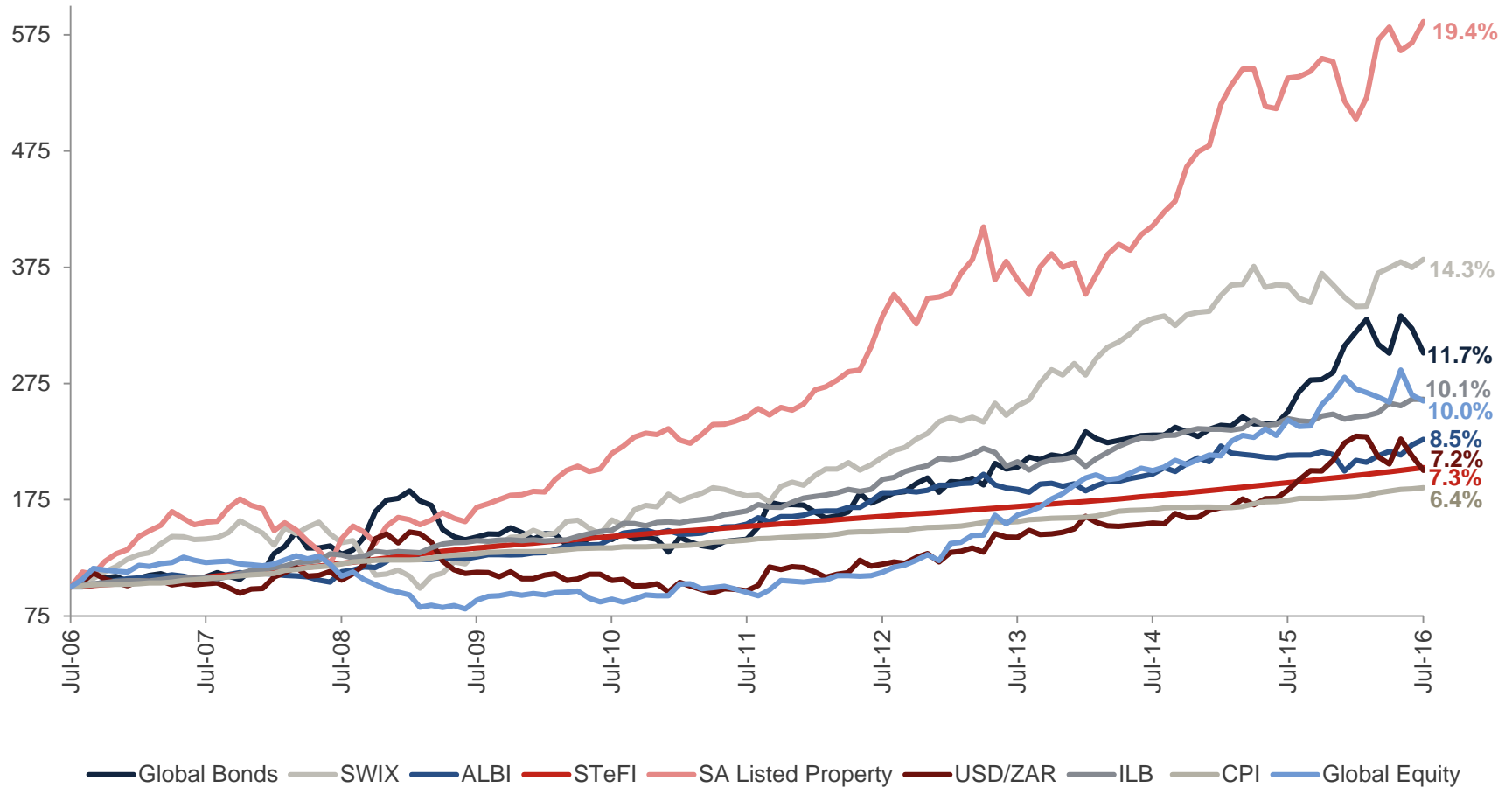
Global equity had the best return for the five-year period, with 22.2%, followed closely by global property with 22.1%

Source: INET BFA and Momentum Investments

All returns in rand terms

# Asset classes

Ten years to July 2016



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

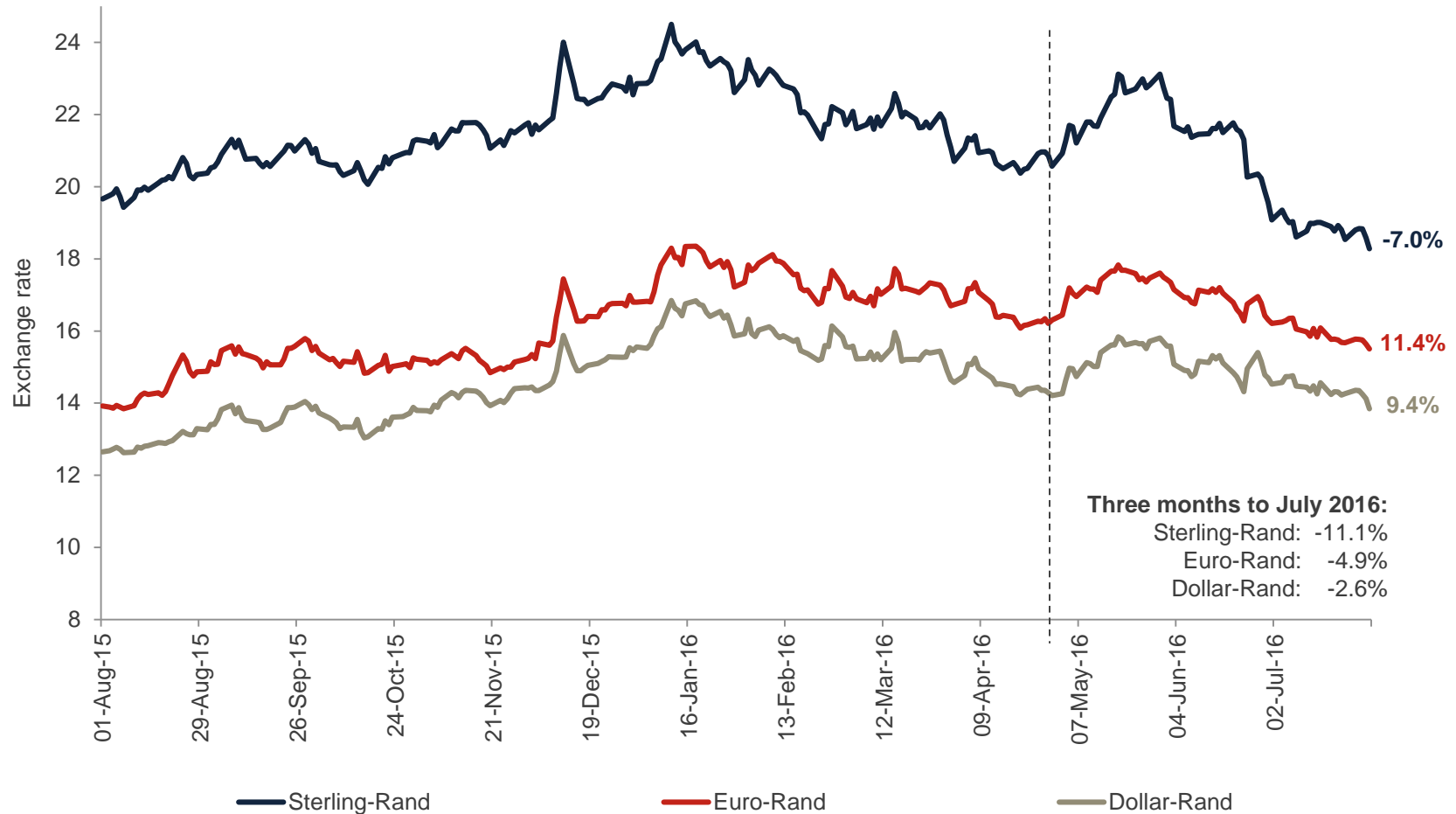
Source: INET BFA and Momentum Investments

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

All returns in rand terms

# Exchange rates

## One year to July 2016

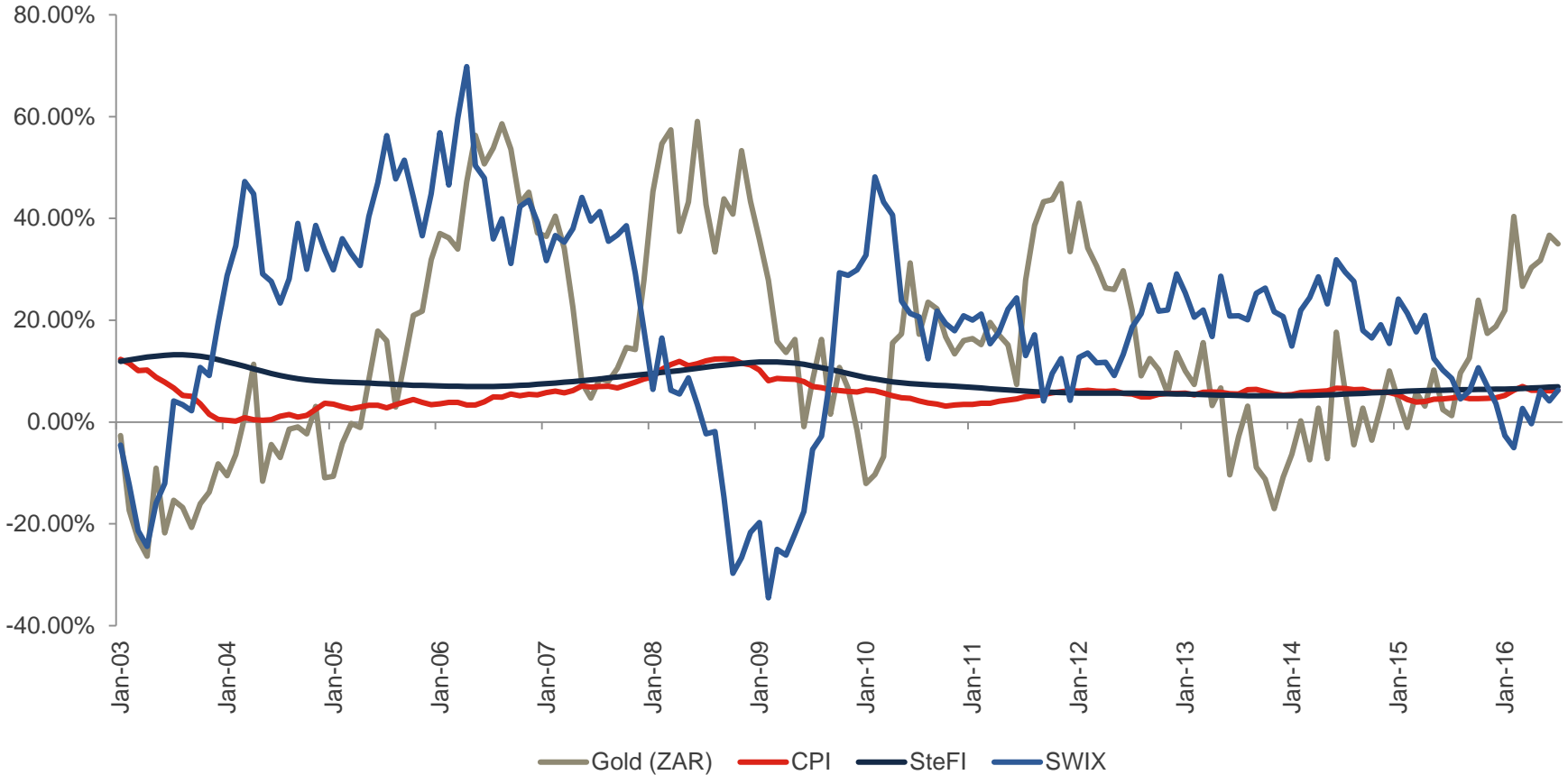


The rand appreciated against all currencies for the last three months

Source: INET BFA and Momentum Investments

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

One-year rolling returns to July 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 July 2016.

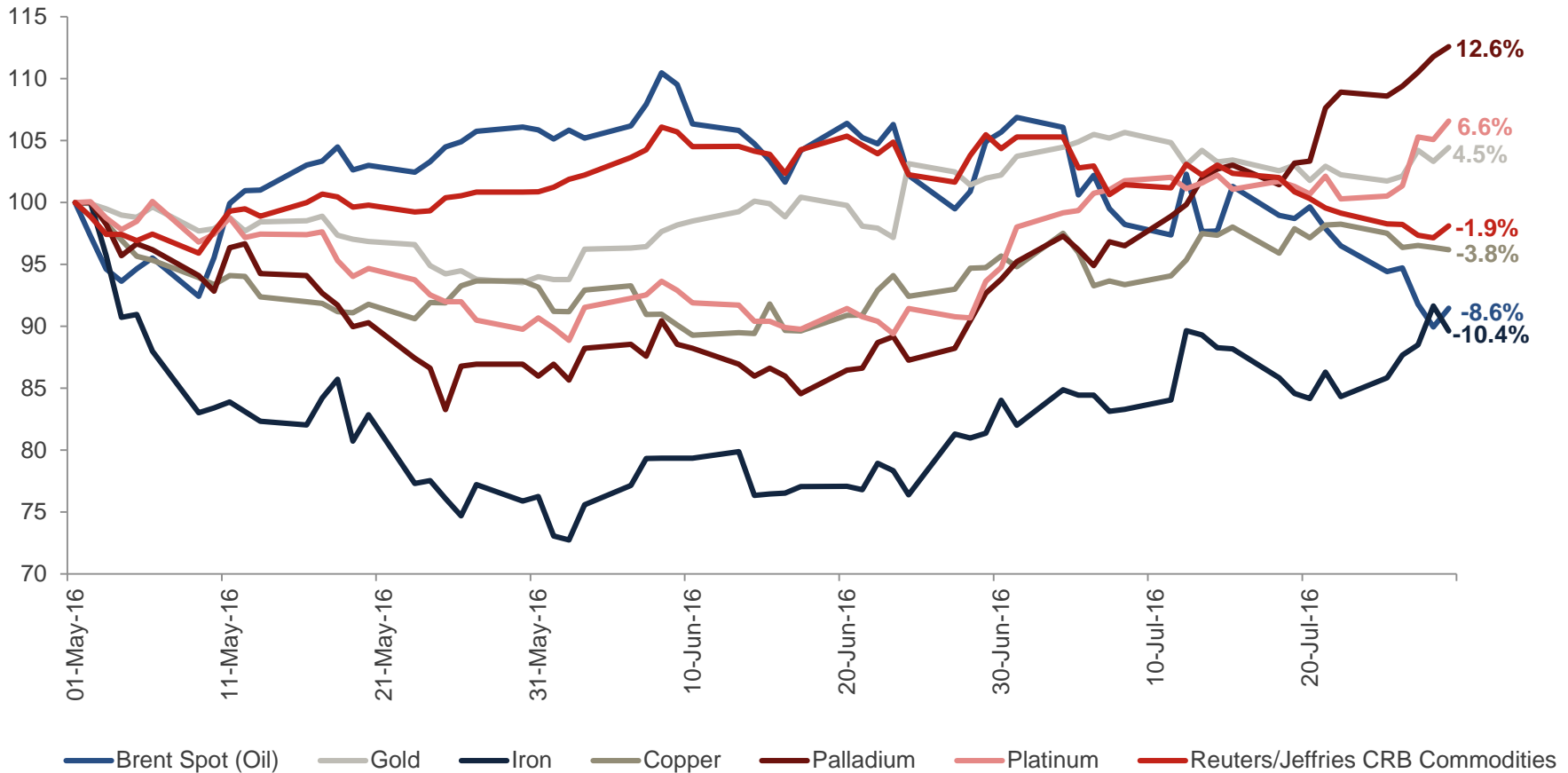
Source: INET BFA and Momentum Investments

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



# Commodities

Three months to July 2016



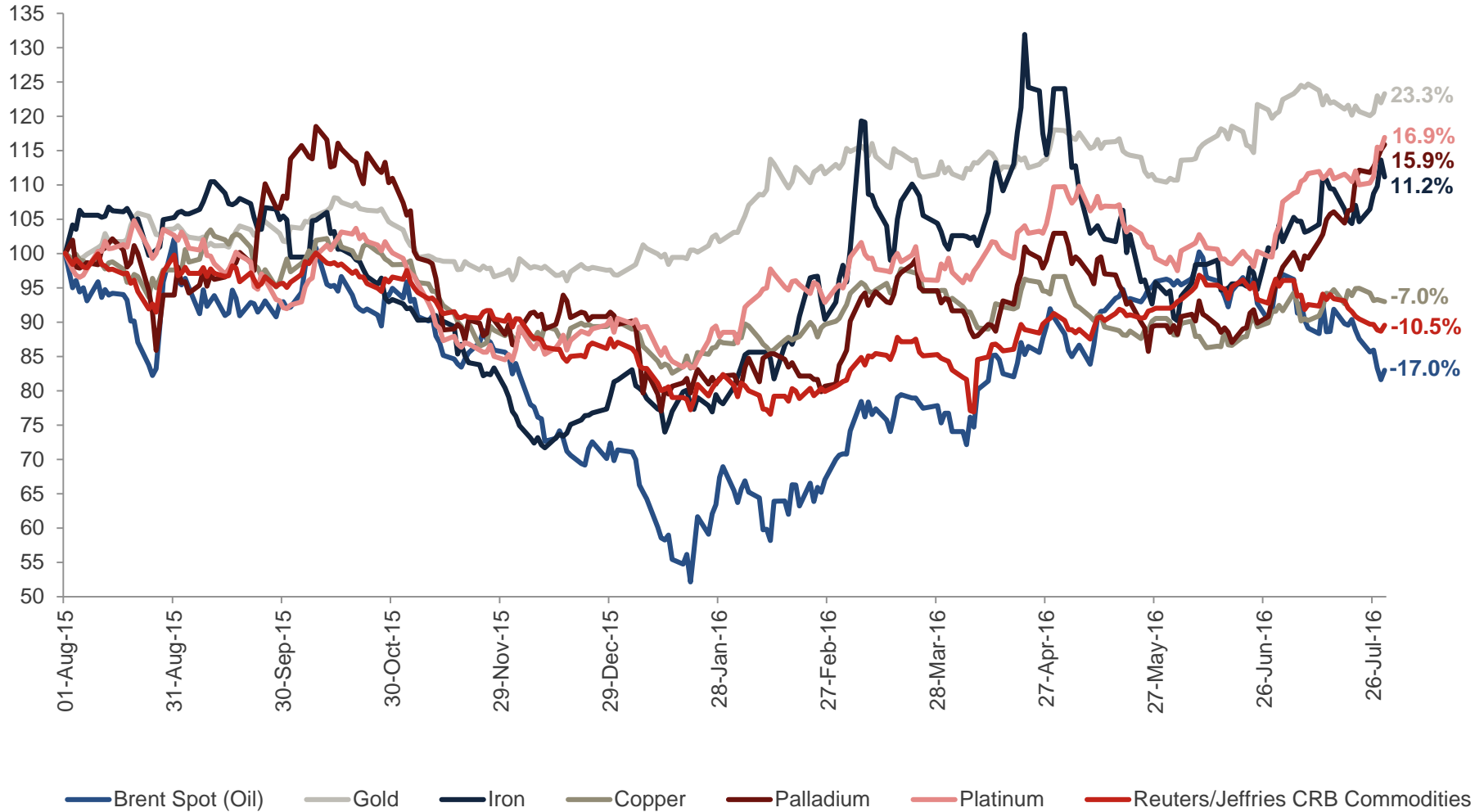
Palladium, Platinum and Gold all had positive returns for the last three months

Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms

# Commodities

## One year to July 2016

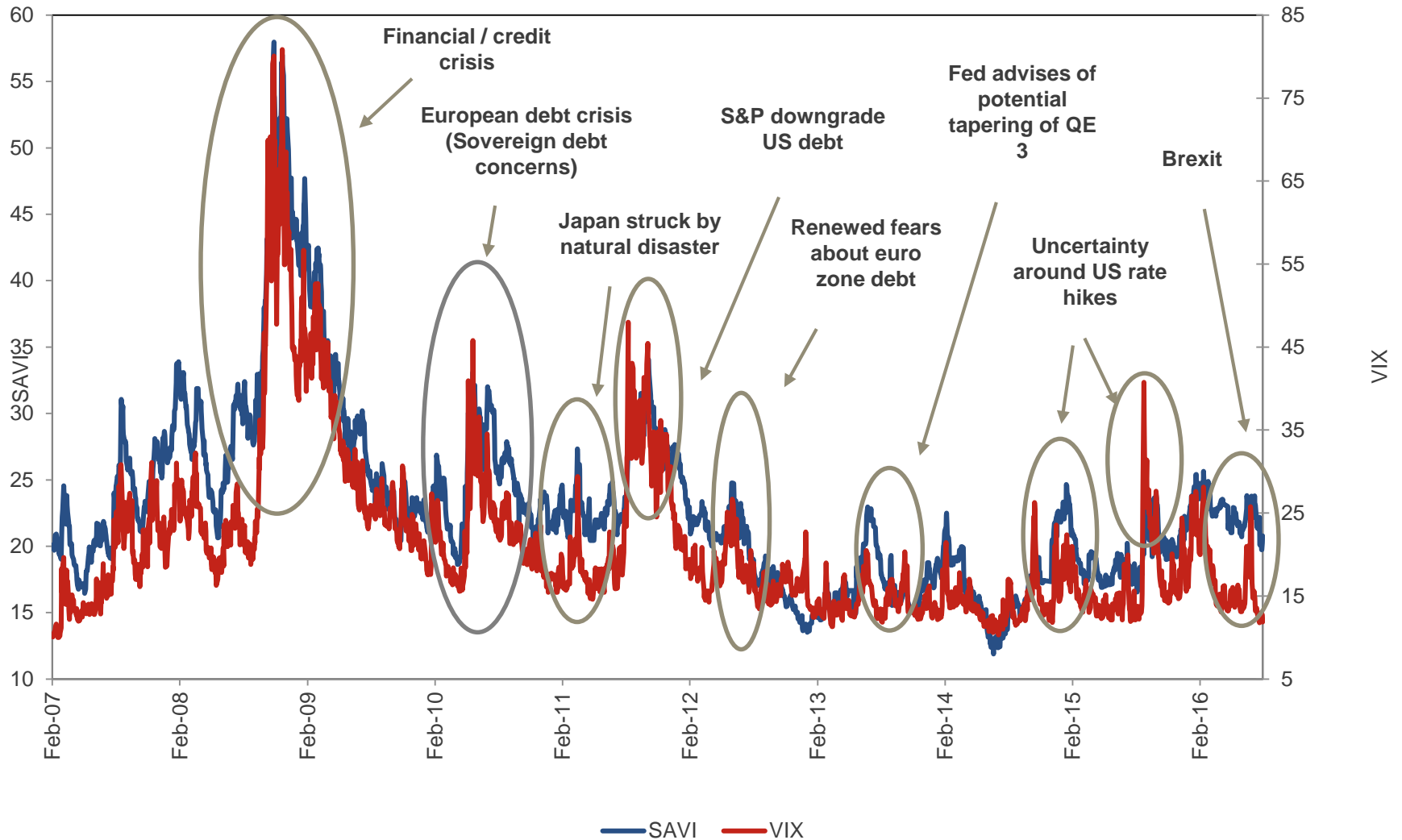


Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms

# SAVI-VIX

Since February 2007 to July 2016

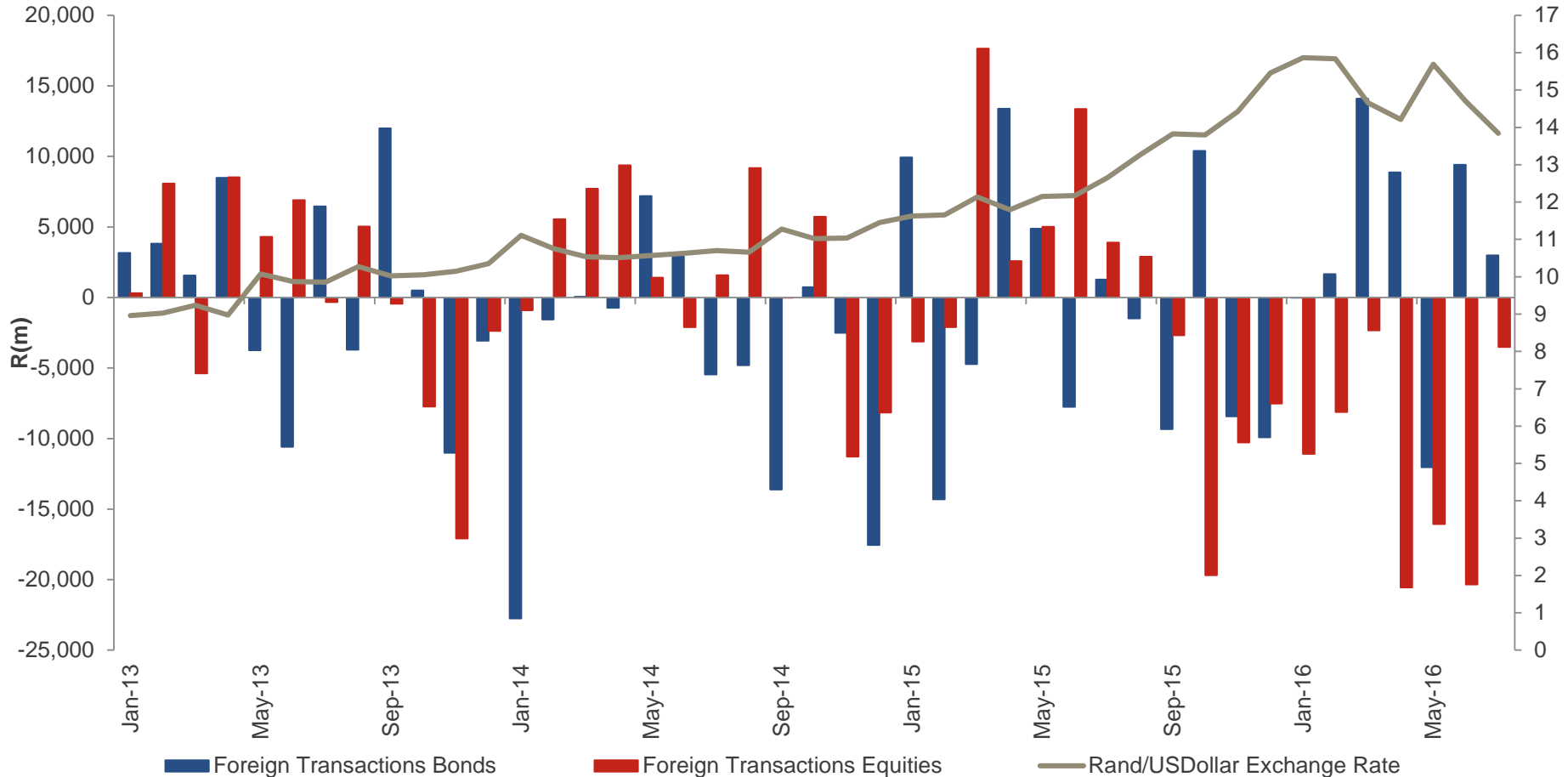


Source: INET BFA and Momentum Investments

# Foreign transactions

## 2013 to 2016

m



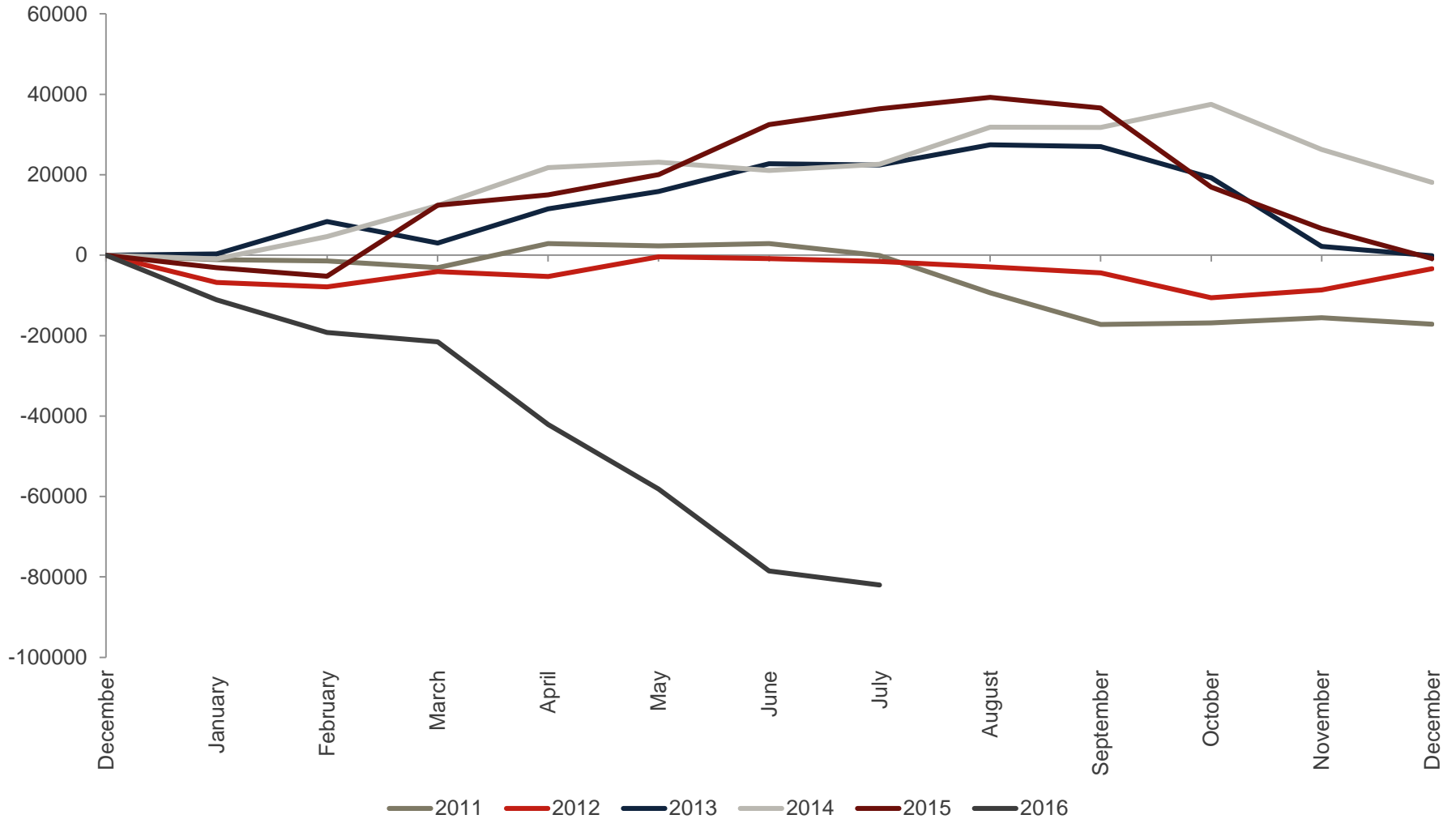
There have been mixed results over the years. However, since September 2015 net outflows have taken place from equities.

Source: INET BFA and Momentum Investments

# Cumulative foreign transaction equities

## 2011 to 2016

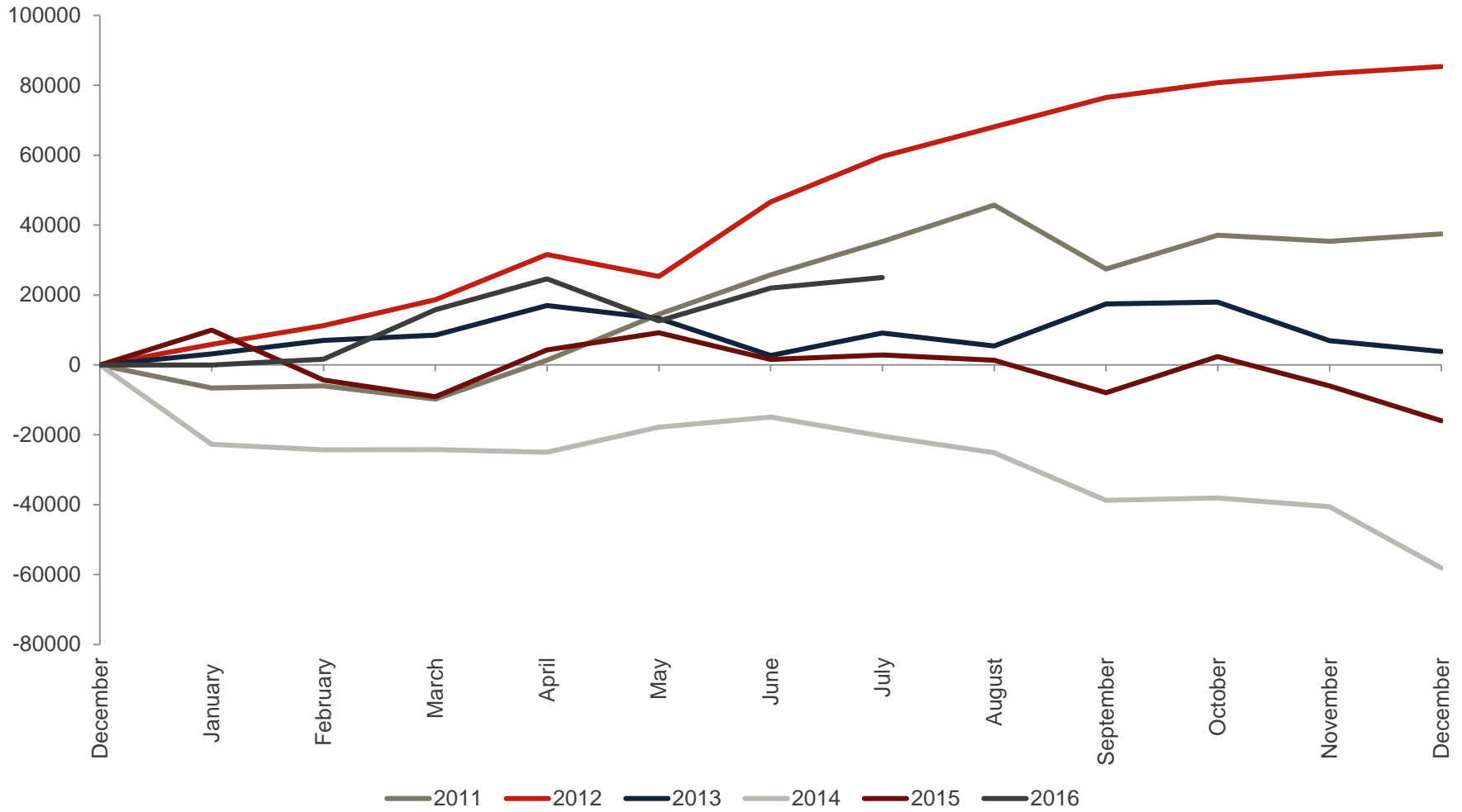
m



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 July 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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