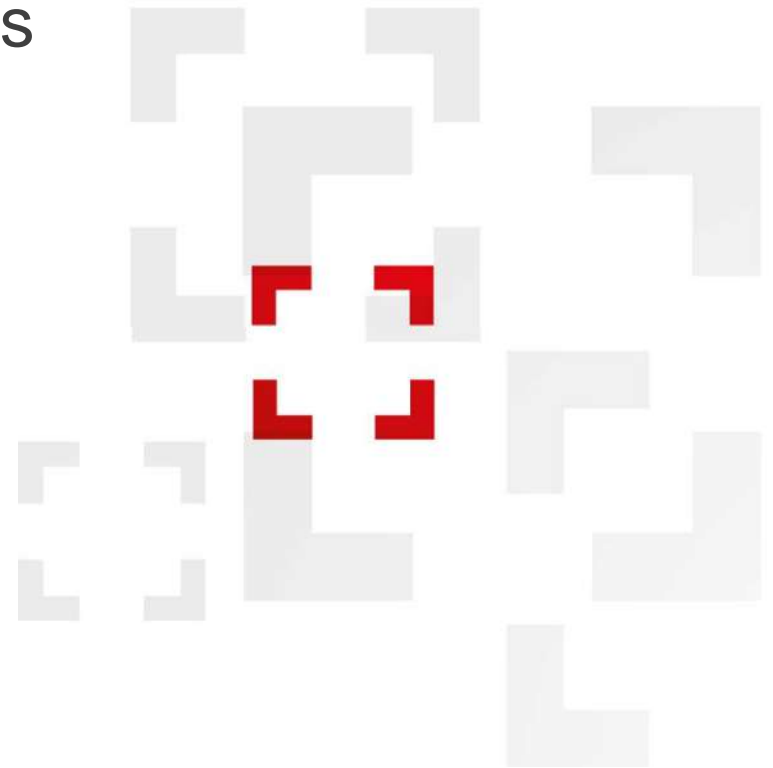


# Key market performance drivers

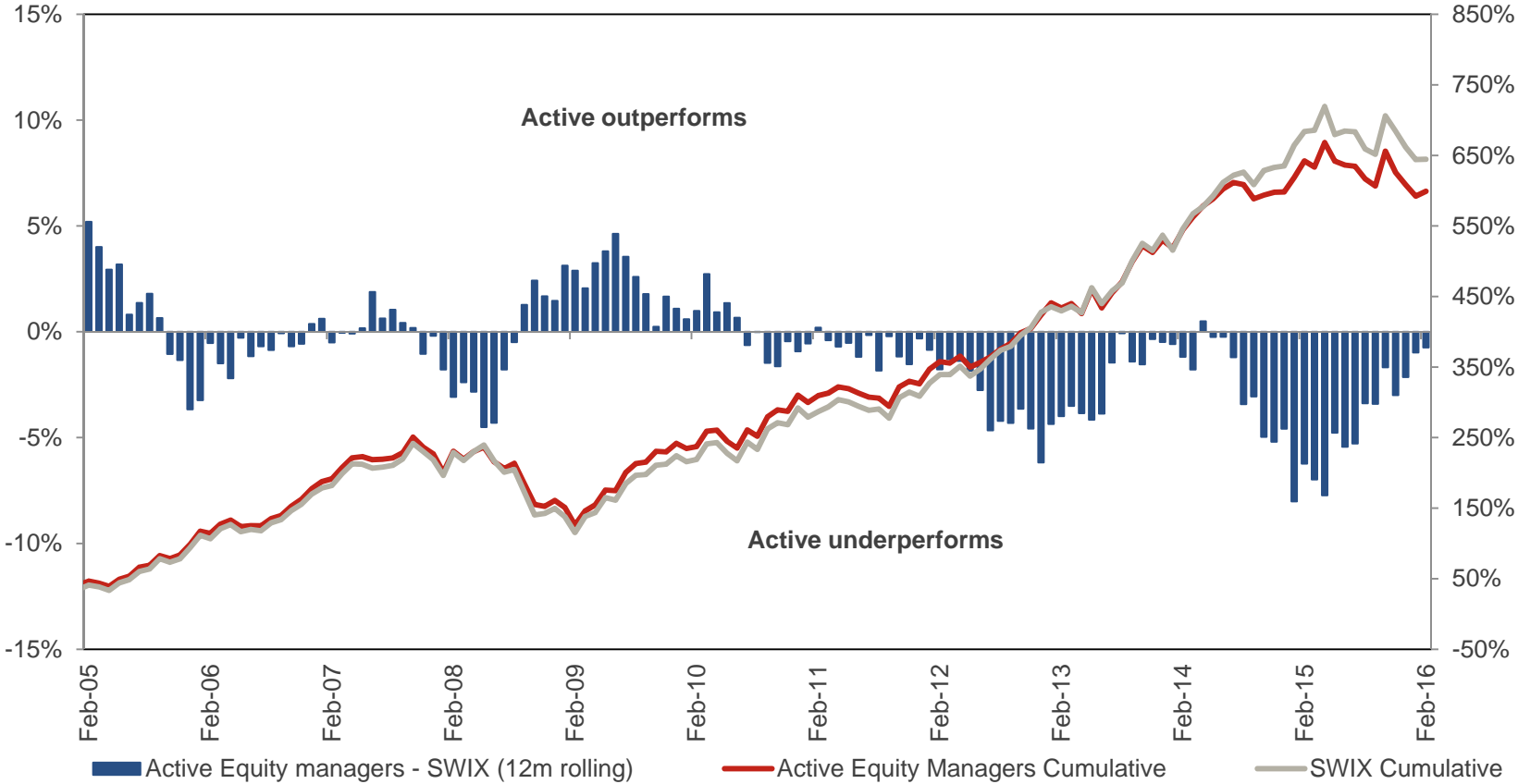
## Monthly charts

March 2016



# Active-index analysis

One-year rolling active to February\* 2016



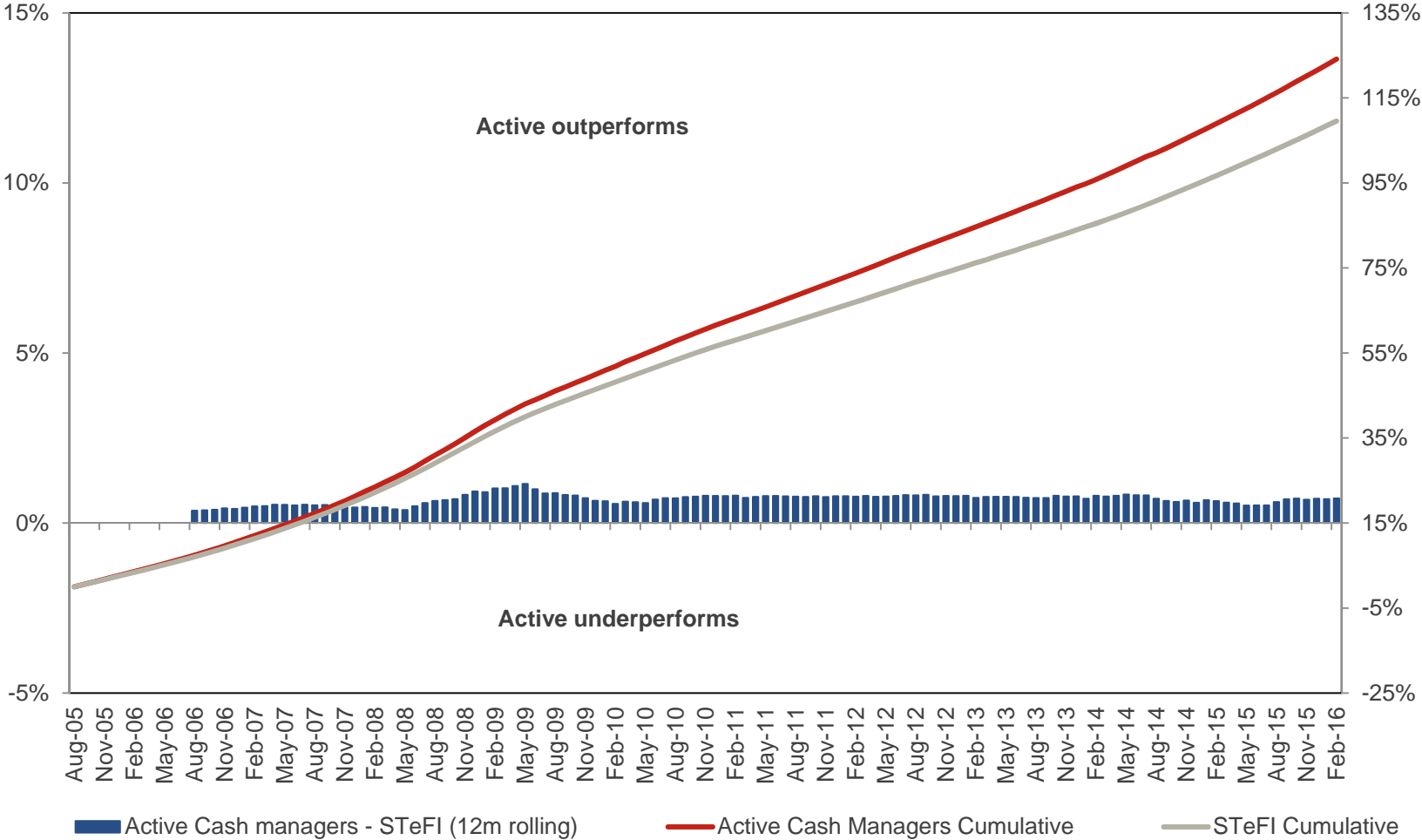
The average of the active equity managers underperformed the SWIX for the year ended February 2016

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 February\* 2016

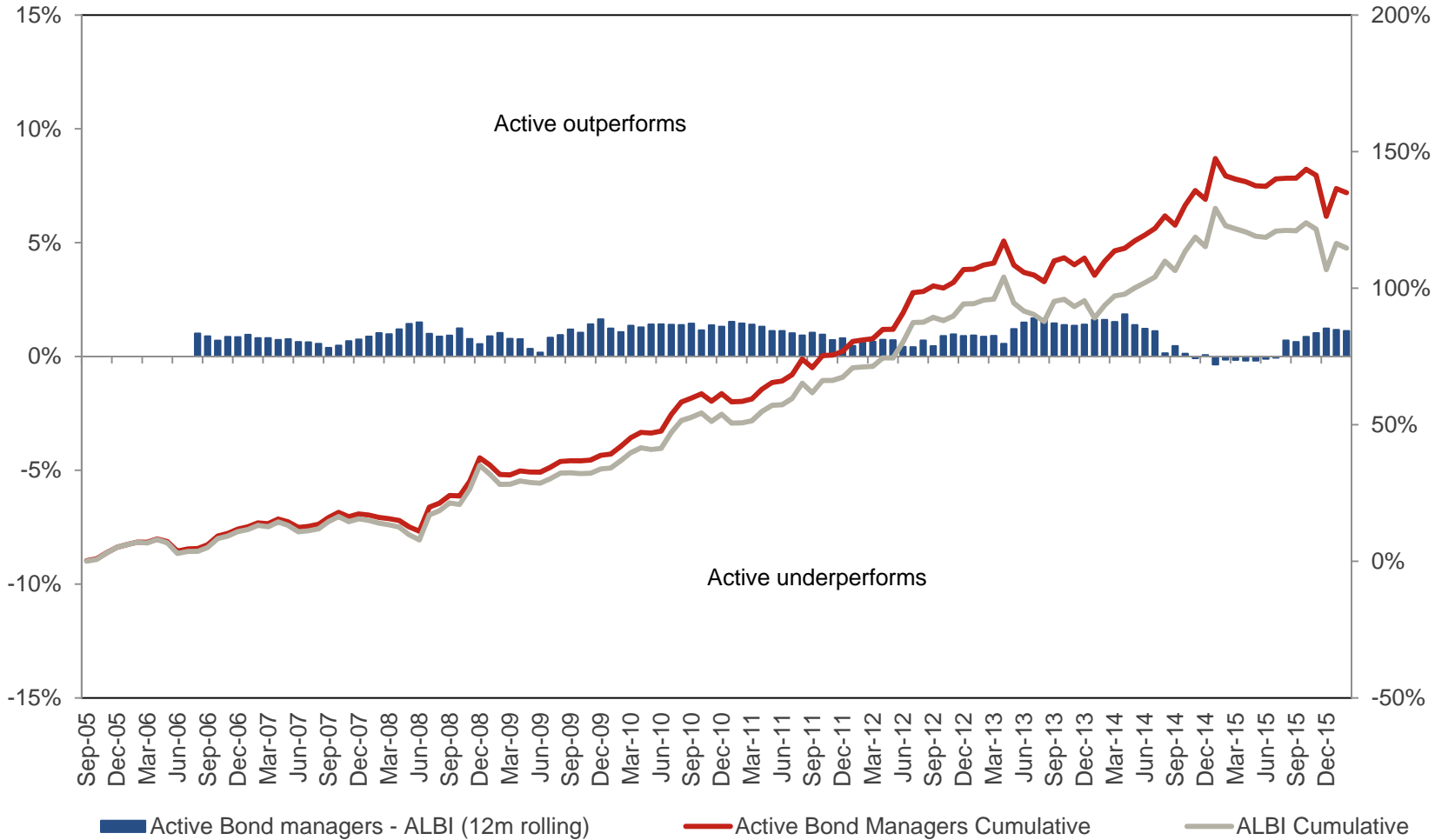


Source: Alexander Forbes S.A. Money Market Manager Watch™ Survey, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data

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

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

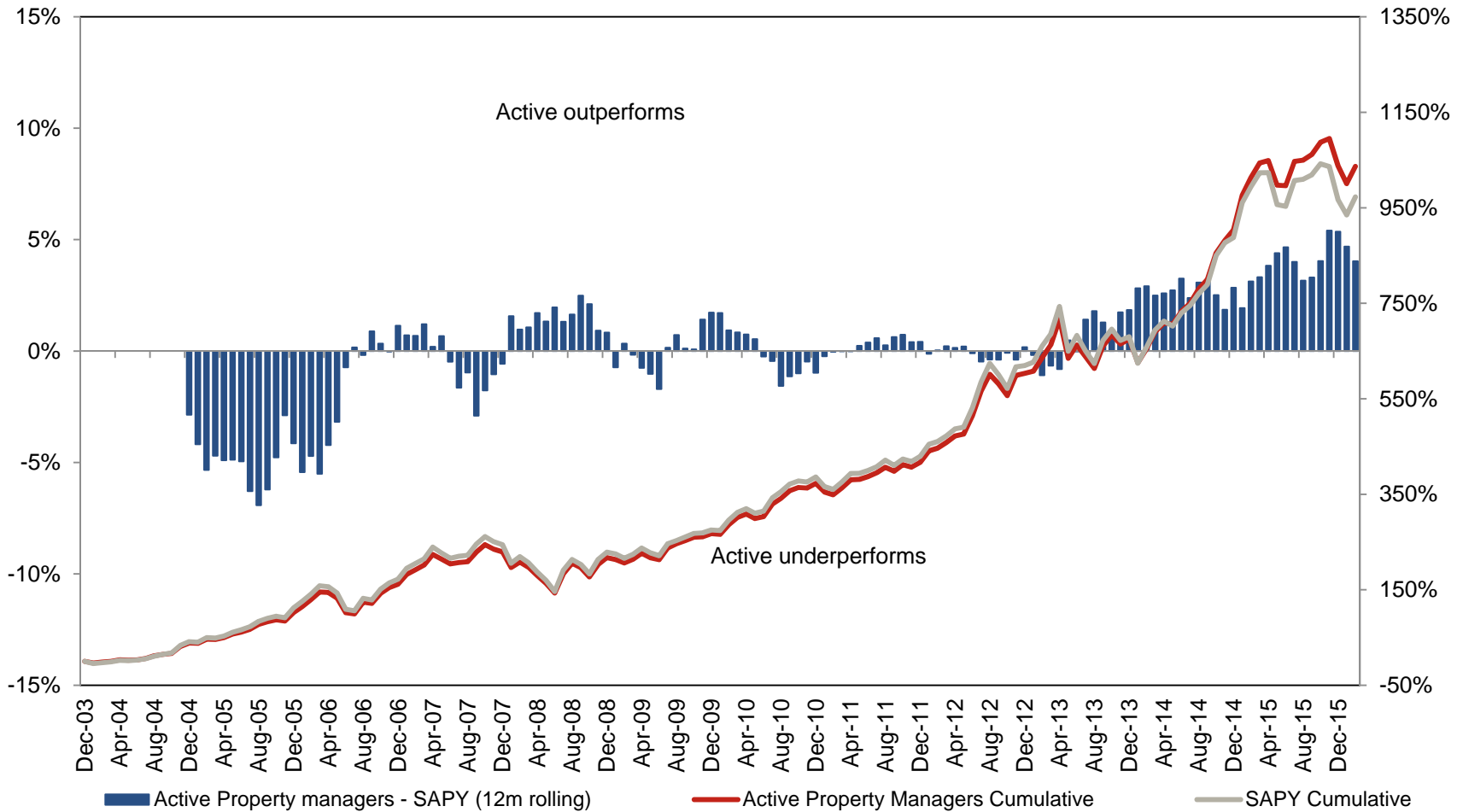


Source: Alexander Forbes S.A Bond Manager Watch™ Survey, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data

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

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



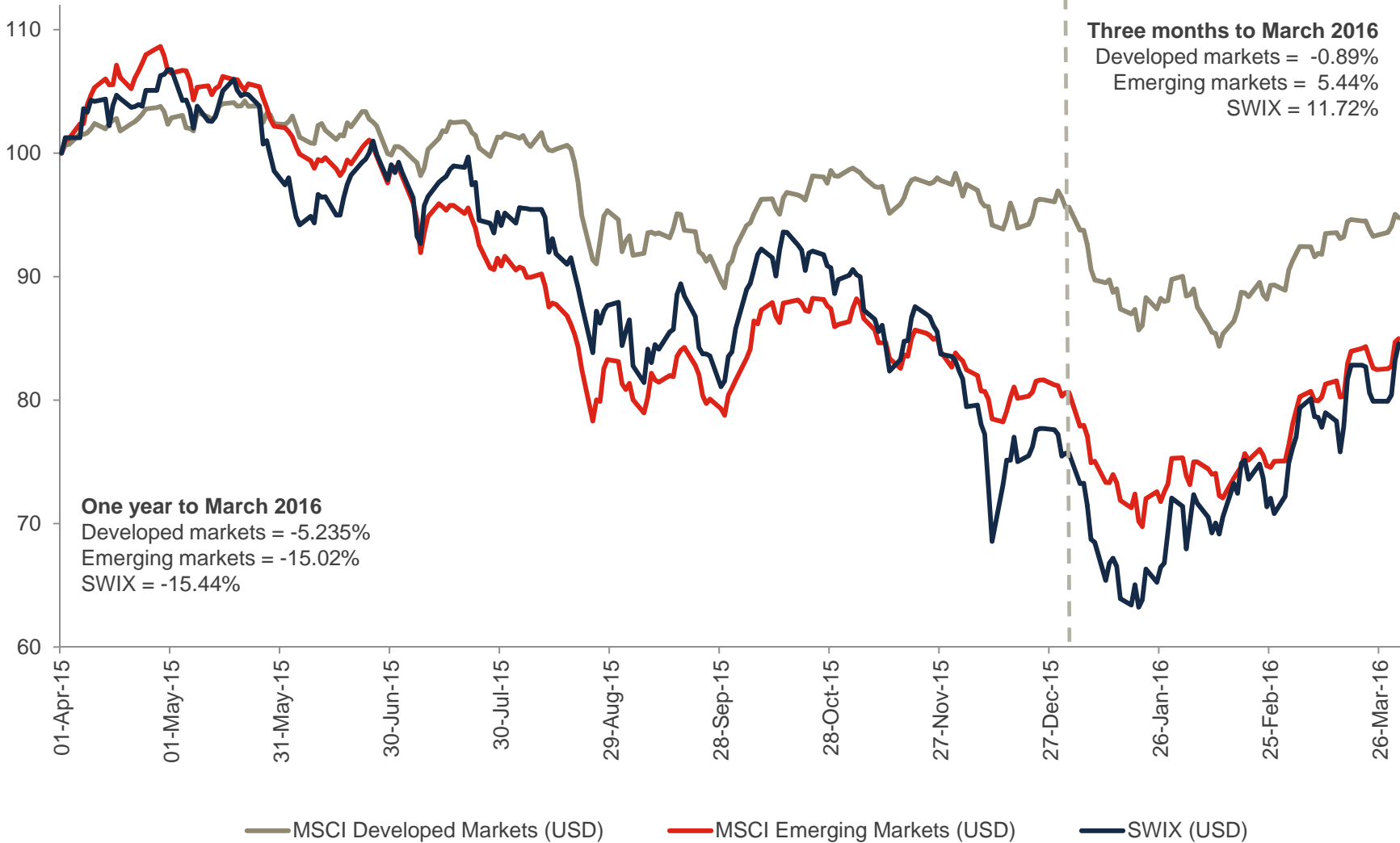
ZAR	Styles	One month to February 2016	Three months to February 2016	One year to February 2016	Three years to February 2016	Five years to February 2016	Ten years to February 2016	Twenty years to February 2016
Value	Book to Price	0.08	9.26	-4.90	-3.97	-4.82	-2.03	2.06
	Dividend Yield	5.85	7.99	-5.10	-2.88	-2.45	1.11	3.79
	Earnings Yield	2.45	0.46	-14.11	-5.06	-2.04	-1.16	2.73
	Cash Flow Yield	4.93	9.61	-4.10	-4.09	-0.22	-1.45	2.64
	Sales to Price	4.81	6.73	-5.65	-4.24	-2.90	-2.49	2.17
Quality	ROE	-0.52	-7.04	-4.34	-1.38	1.72	0.44	-1.82
	ROIC LT	2.73	-3.68	-4.50	-5.44	-2.20	-1.20	-2.38
	Income to Sales	1.29	1.21	0.90	1.57	2.20	0.94	-0.63
	Low market beta	5.56	6.70	22.91	9.15	5.96	-0.86	1.66
	Low Debt/Equity	-0.55	-0.35	-4.31	-1.54	-1.13	-2.65	-1.44
	EBIT Margin Stability	-6.92	-5.83	16.84	3.87	6.95	3.98	-0.70
Growth	Earnings Growth	-3.87	-9.37	-5.60	-2.29	0.46	-1.22	-1.56
	Sales Growth	-4.37	-10.79	-0.67	-1.14	2.34	0.95	-0.05
	12M Earning Growth	-2.40	-4.23	-4.24	0.02	-4.29	1.82	6.11
Momentum	FY1 Earnings Revisions	1.55	-3.36	-1.76	8.64	7.93	10.79	8.88
	Short Term Momentum	5.22	12.06	17.65	5.13	3.98	0.43	-1.33
	Medium Term Momentum	-4.83	-9.22	9.57	9.58	10.17	5.85	6.95
Size	Size	-1.88	-0.95	-4.21	-1.21	-0.27	0.72	-0.30

The February 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

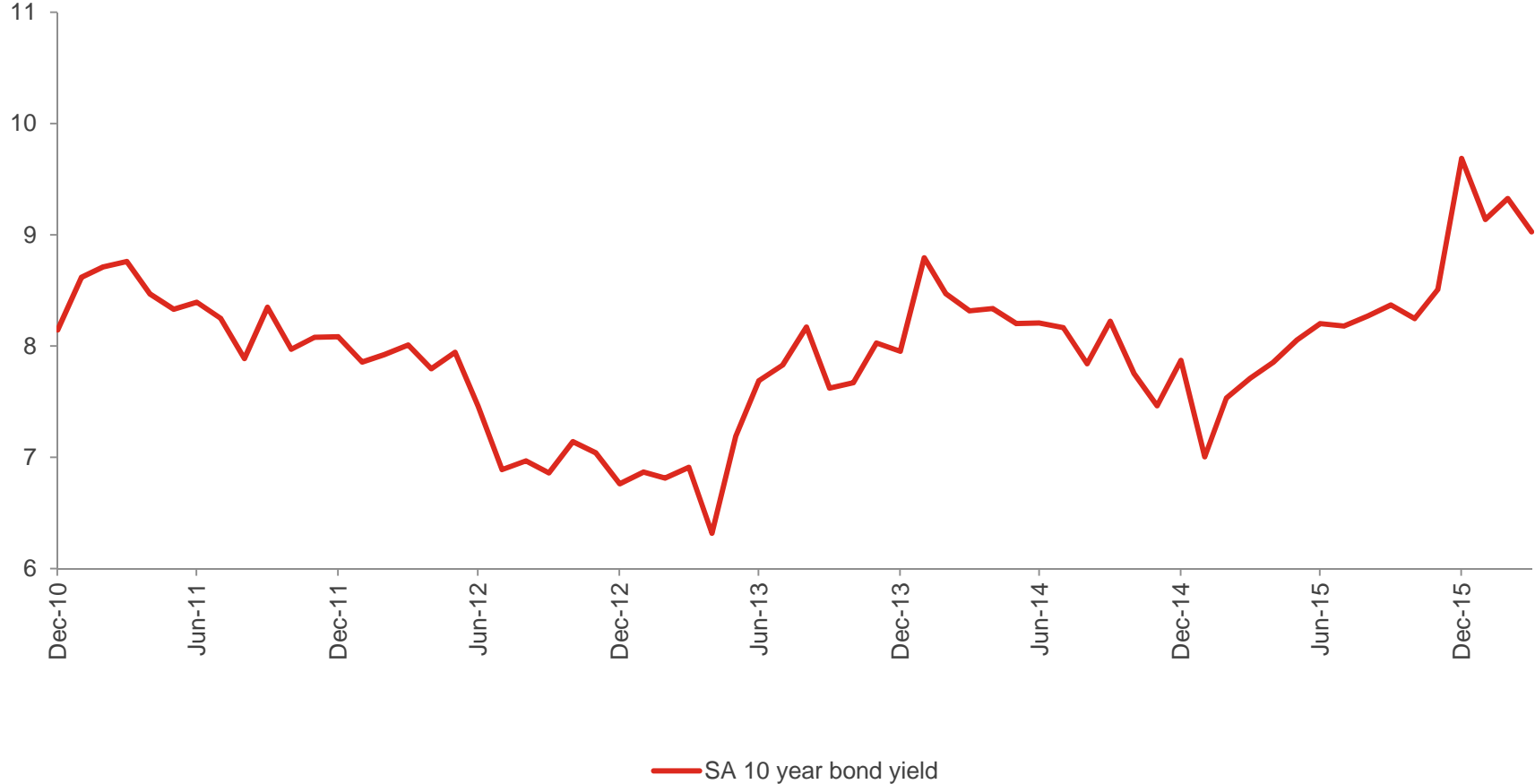
One year to March 2016



Source: INET BFA, MSCI and Momentum Investments

# SA 10-year bond yields

Five years to March 2016



SA 10-year bond yields decreased by 30bps for March 2016

Source: INET BFA and Momentum Investments



# Yield of R197 (inflation-linked bond)

Since May 2001 to March 2016

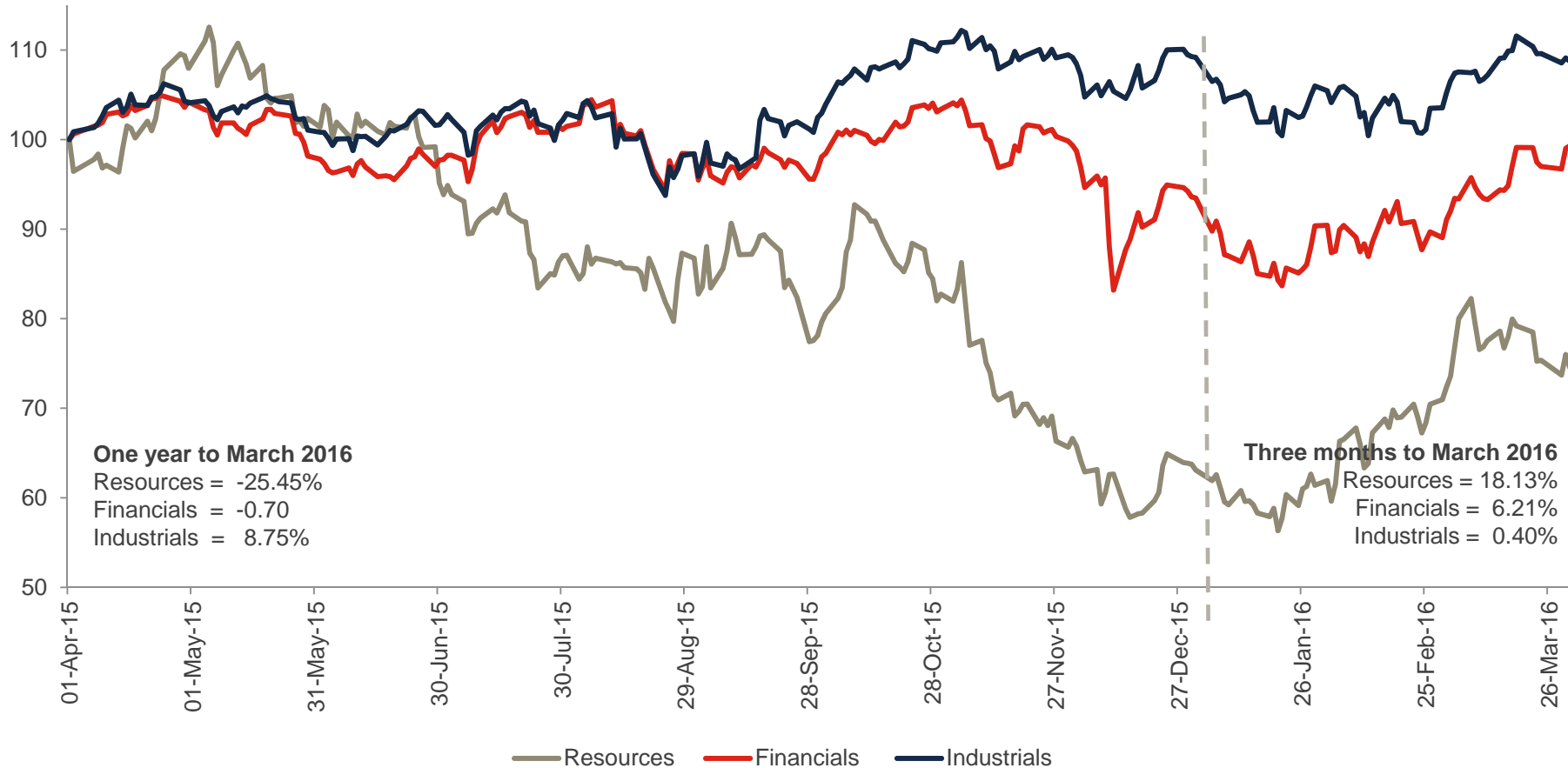


**Inflation-linked bond yields ended marginally lower for March 2016**

Source: INET BFA and Momentum Investments

# FTSE/JSE sectors

## One year to March 2016

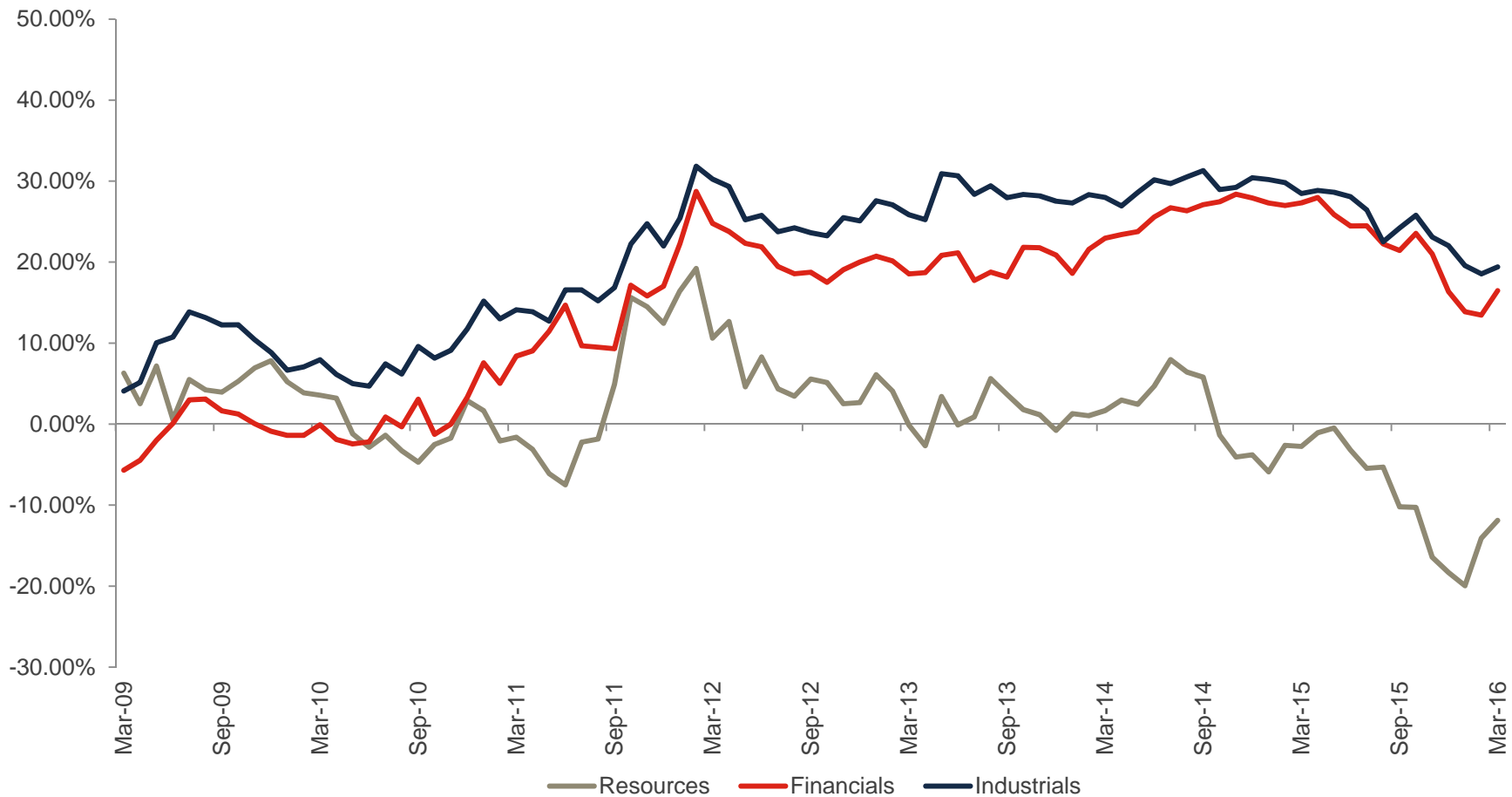


Industrials was the only sector that delivered positive returns for the one year ending March 2016. Resources had good returns for the last three months.

Source: INET BFA and Momentum Investments

# FTSE/JSE sectors

## Rolling three-year return to March 2016



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

Source: INET BFA and Momentum Investments

Returns are annualised

# FTSE/JSE sectors

Decomposed (three months to March 2016)



## Three months to March 2016

1	Industrial Metals	Basic Materials	93.1%	19	Health Care Equipment & Services	Health Care	2.7%
2	Gold Mining	Mining	92.8%	20	Electronic & Electrical Equipment	Industrials	2.2%
3	Platinum Mining	Mining	74.6%	21	Construction & Materials	Industrials	2.1%
4	Coal Mining	Mining	63.5%	22	General Financial	Financials	2.0%
5	Non-life Insurance	Financials	27.0%	23	Equity Investment Instruments	Financials	2.0%
6	Household Goods	Consumer Goods	23.4%	24	Software & Computer Services	Technology	1.3%
7	Industrial Transportation	Industrials	18.1%	25	Tobacco	Consumer Goods	1.1%
8	Industrial Engineering	Industrials	17.5%	26	General Retailers	Consumer Services	-1.4%
9	Food & Drug Retailers	Consumer Services	14.8%	27	Media	Consumer Services	-2.8%
10	Banks	Financials	13.0%	28	Beverages	Consumer Goods	-4.5%
11	General Mining	Mining	12.5%	29	Real Estate Investment & Services	Financials	-6.1%
12	Mobile Telecommunications	Telecommunication	7.9%	30	Forestry & Paper	Basic Materials	-6.6%
13	General Industrials	Industrials	6.9%	31	Travel & Leisure	Consumer Services	-10.1%
14	Real Estate Investment Trusts	Financials	5.9%	32	Fixed Line Telecommunications	Telecommunication	-10.5%
15	Life Insurance	Financials	5.6%	33	Personal Goods	Consumer Goods	-12.6%
16	Chemicals	Basic Materials	5.4%	34	Support Services	Industrials	-23.8%
17	Food Producers	Consumer Goods	4.8%	35	Automobiles & Parts	Consumer Goods	-27.0%
18	Pharmaceuticals & Biotechnology	Health Care	3.1%				

### Key

#### Resources

Financials

Industrials

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

Source: Barra, Deutsche Securities and Momentum Investments

# FTSE/JSE sectors

## Decomposed (one year to March 2016)



### One year to March 2016

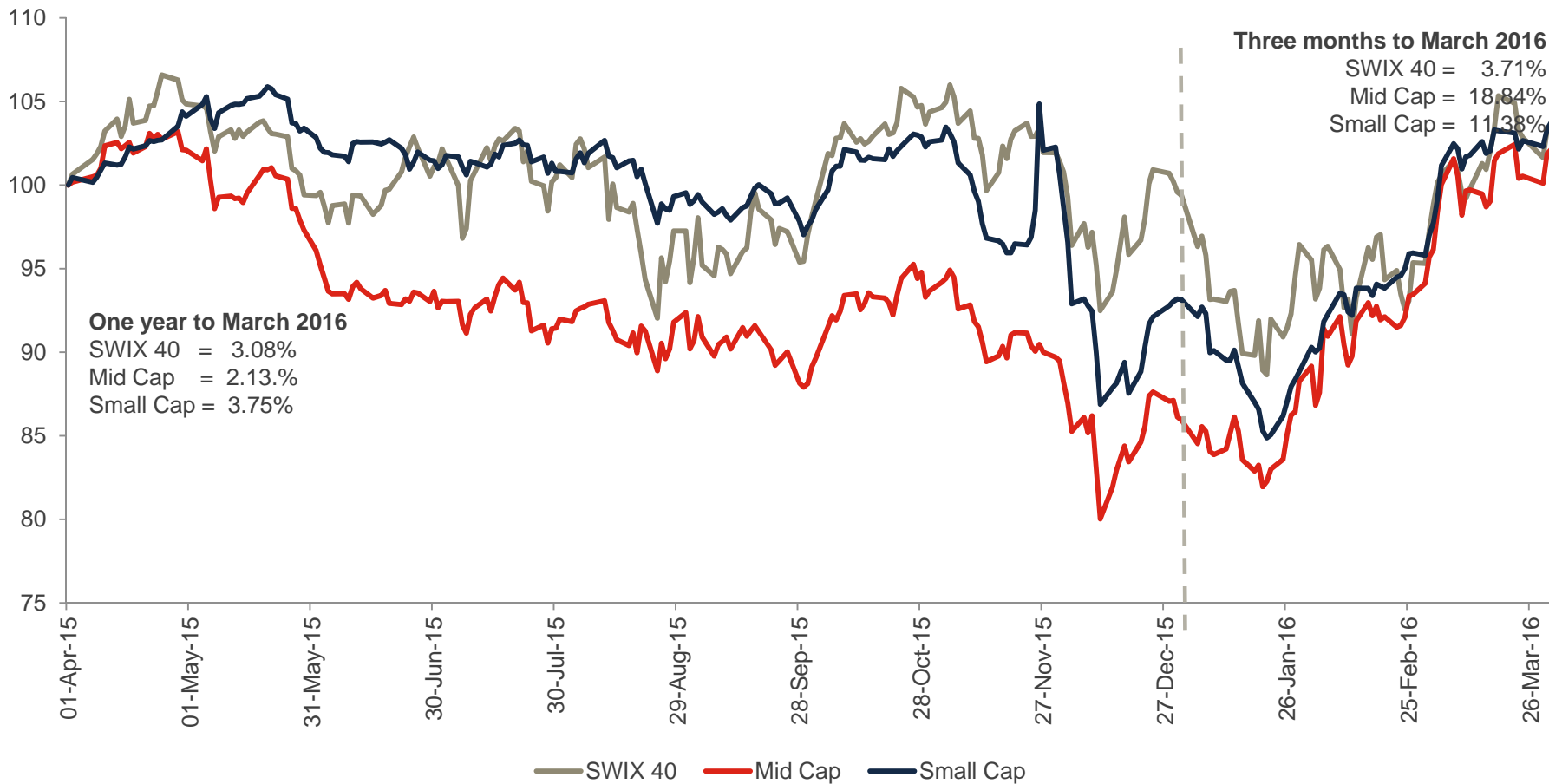
1	Gold Mining	Mining	66.7%	19	General Retailers	Consumer Services	-4.4%
2	Beverages	Consumer Goods	43.1%	20	Health Care Equipment & Services	Health Care	-7.5%
3	Tobacco	Consumer Goods	42.2%	21	Software & Computer Services	Technology	-12.4%
4	Household Goods	Consumer Goods	29.9%	22	Banks	Financials	-12.4%
5	Forestry & Paper	Basic Materials	26.2%	23	Industrial Transportation	Industrials	-12.5%
6	General Financial	Financials	18.1%	24	Industrial Engineering	Industrials	-13.7%
7	Food & Drug Retailers	Consumer Services	11.2%	25	Travel & Leisure	Consumer Services	-14.4%
8	Media	Consumer Services	10.5%	26	Pharmaceuticals & Biotechnology	Health Care	-15.2%
9	Real Estate Investment & Services	Financials	9.8%	27	Construction & Materials	Industrials	-19.0%
10	Chemicals	Basic Materials	9.3%	28	Mobile Telecommunications	Telecommunication	-21.3%
11	Non-life Insurance	Financials	8.1%	29	Platinum Mining	Mining	-21.7%
12	Equity Investment Instruments	Financials	6.4%	30	Fixed Line Telecommunications	Telecommunication	-24.3%
13	Real Estate Investment Trusts	Financials	4.7%	31	Coal Mining	Mining	-26.0%
14	Personal Goods	Consumer Goods	1.2%	32	General Mining	Mining	-30.1%
15	Electronic & Electrical Equipment	Industrials	1.0%	33	Support Services	Industrials	-34.5%
16	General Industrials	Industrials	0.0%	34	Industrial Metals	Basic Materials	-38.2%
17	Life Insurance	Financials	-1.2%	35	Automobiles & Parts	Consumer Goods	-39.7%
18	Food Producers	Consumer Goods	-2.2%				

**Key**  
 Resources  
 Financials  
 Industrials

Source: Barra, Deutsche Securities and Momentum Investments

# FTSE/JSE market caps

One year to March 2016

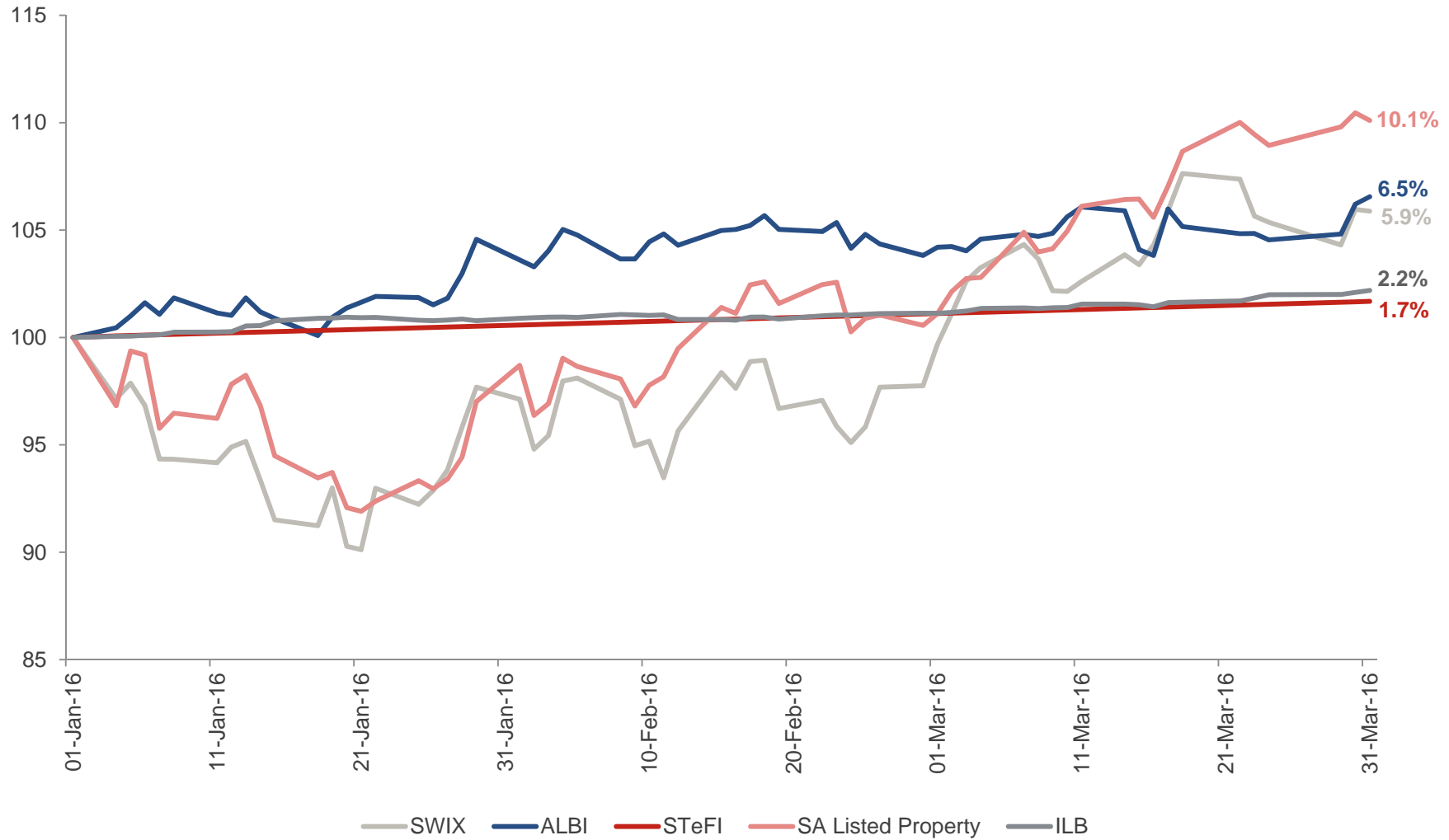


The SWIX 40, FTSE/JSE Mid-cap and Small-cap Index all had single-digit returns for the year ending March 2016

Source: INET BFA and Momentum Investments

# Local asset classes

## Three months to March 2016

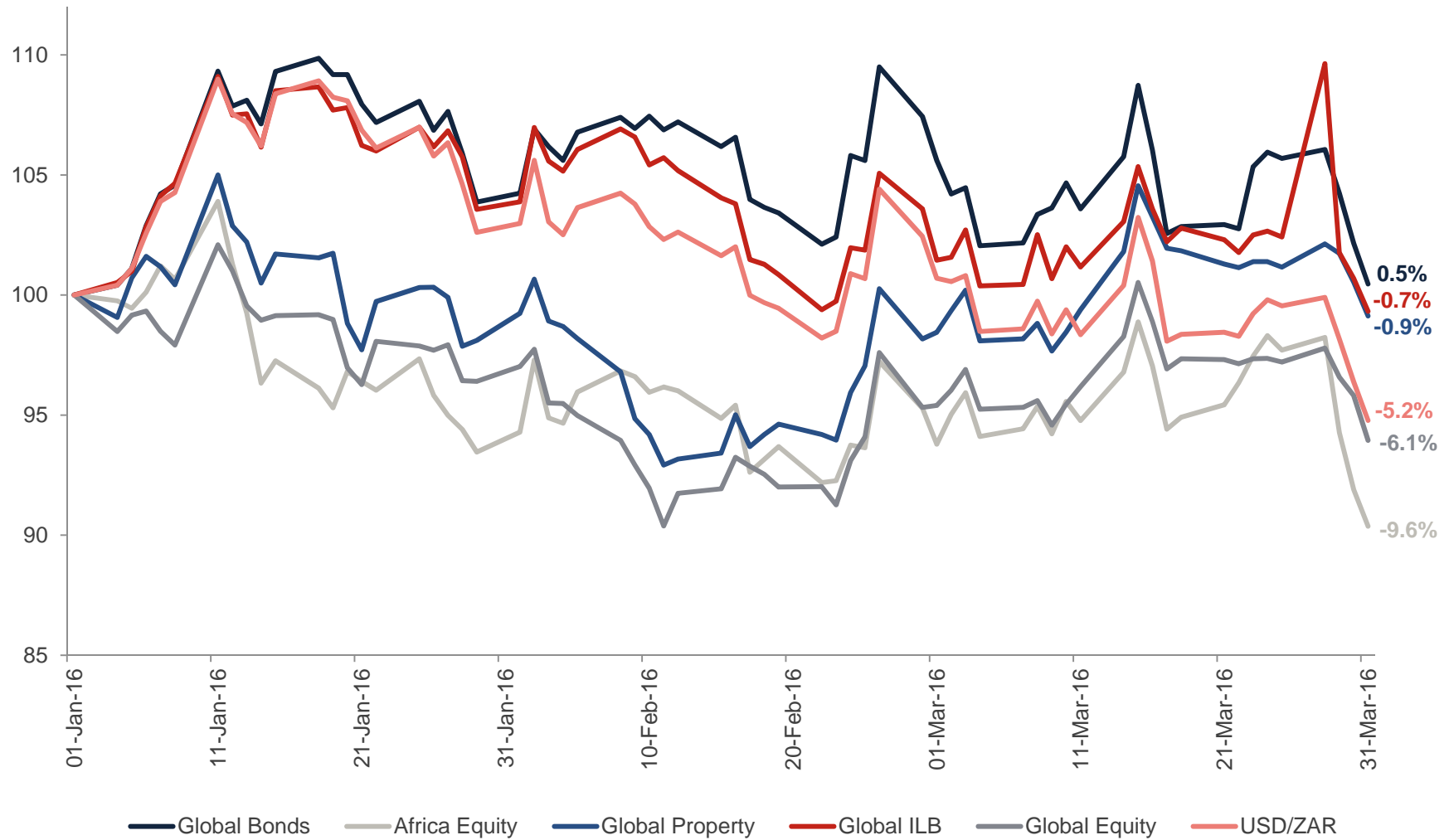


Source: INET BFA and Momentum Investments

All returns in rand terms

# Global asset classes

## Three months to March 2016



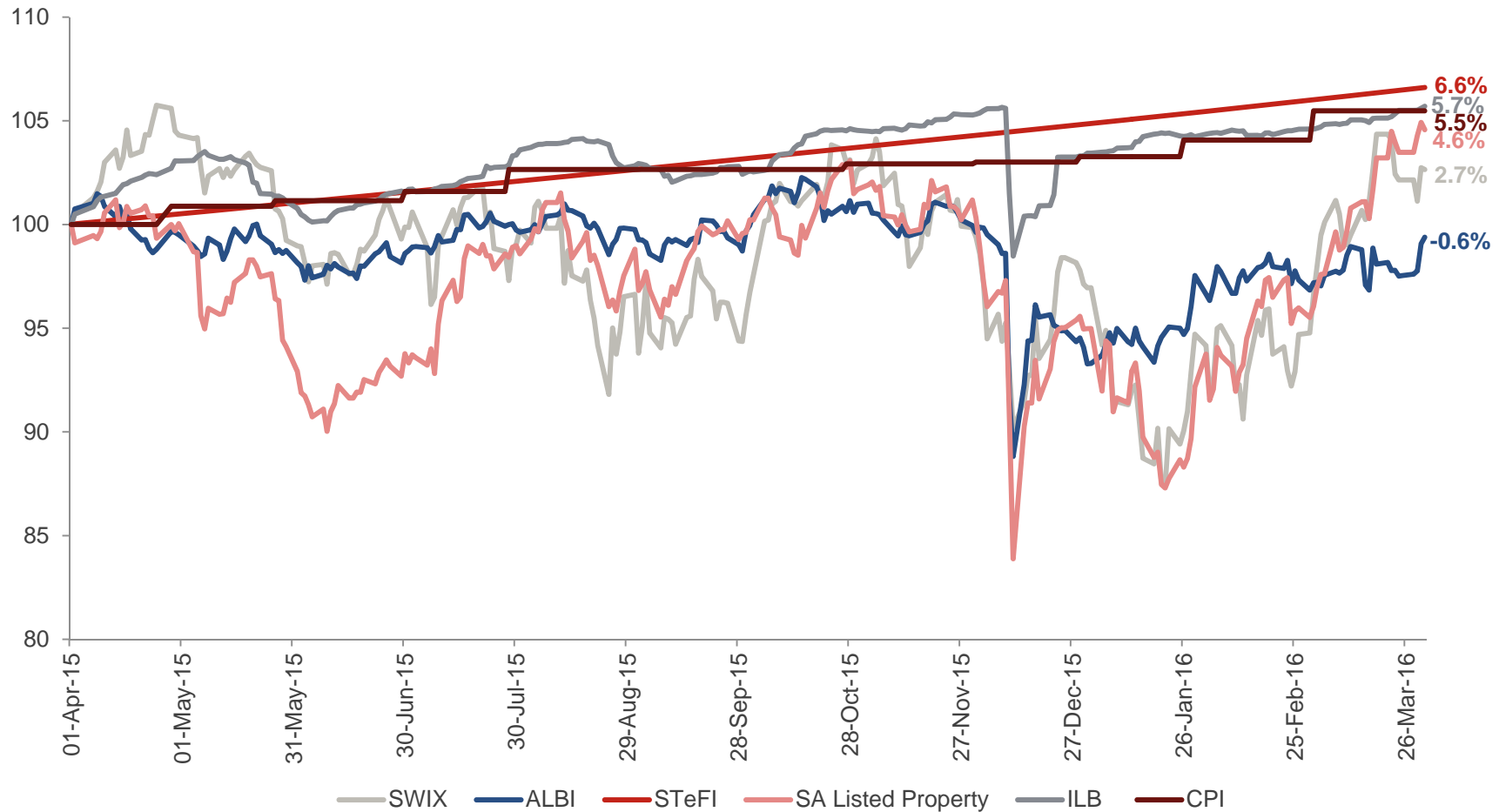
Source: INET BFA and Momentum Investments

All returns in rand terms



# Local asset classes

One year to March 2016



All local asset classes underperformed cash for the year ending March 2016

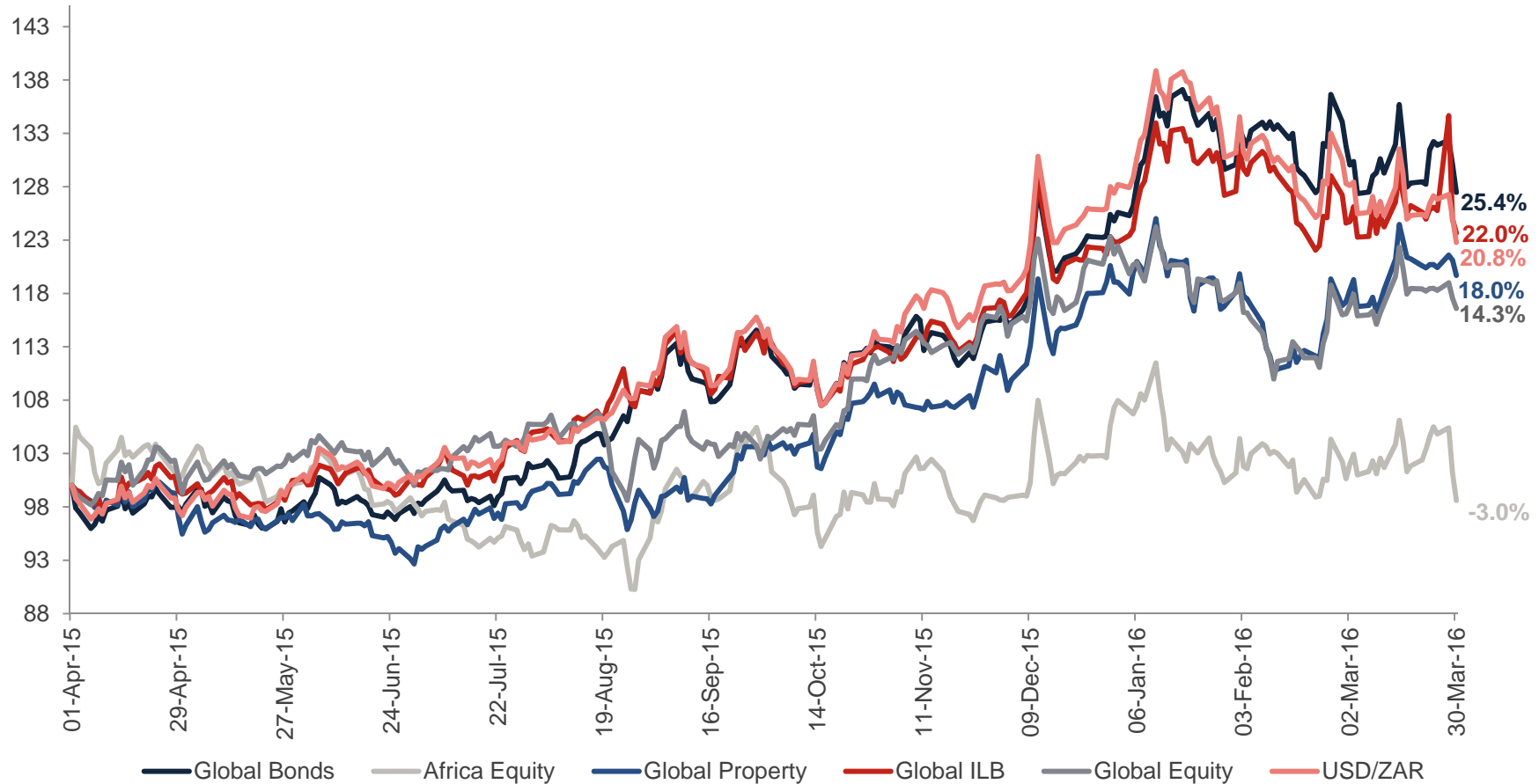
Source: INET BFA and Momentum Investments

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

All returns in rand terms

# Global asset classes

One year to March 2016



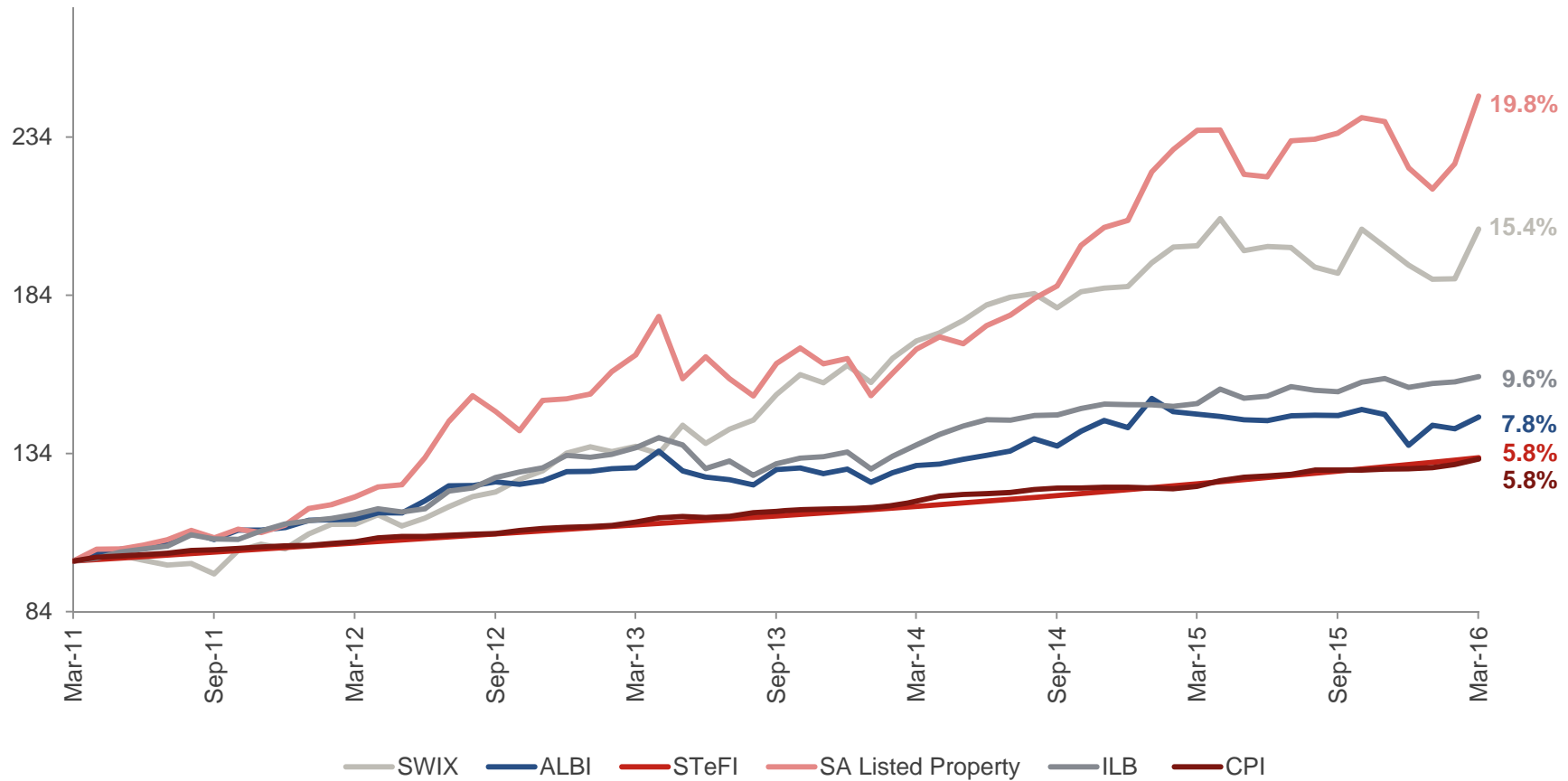
Africa equity returns were affected by an increase in global market volatility, a strong US dollar as well as concerns around the Chinese economy

Source: INET BFA and Momentum Investments

All returns in rand terms

# Local asset classes

## Five years to March 2016



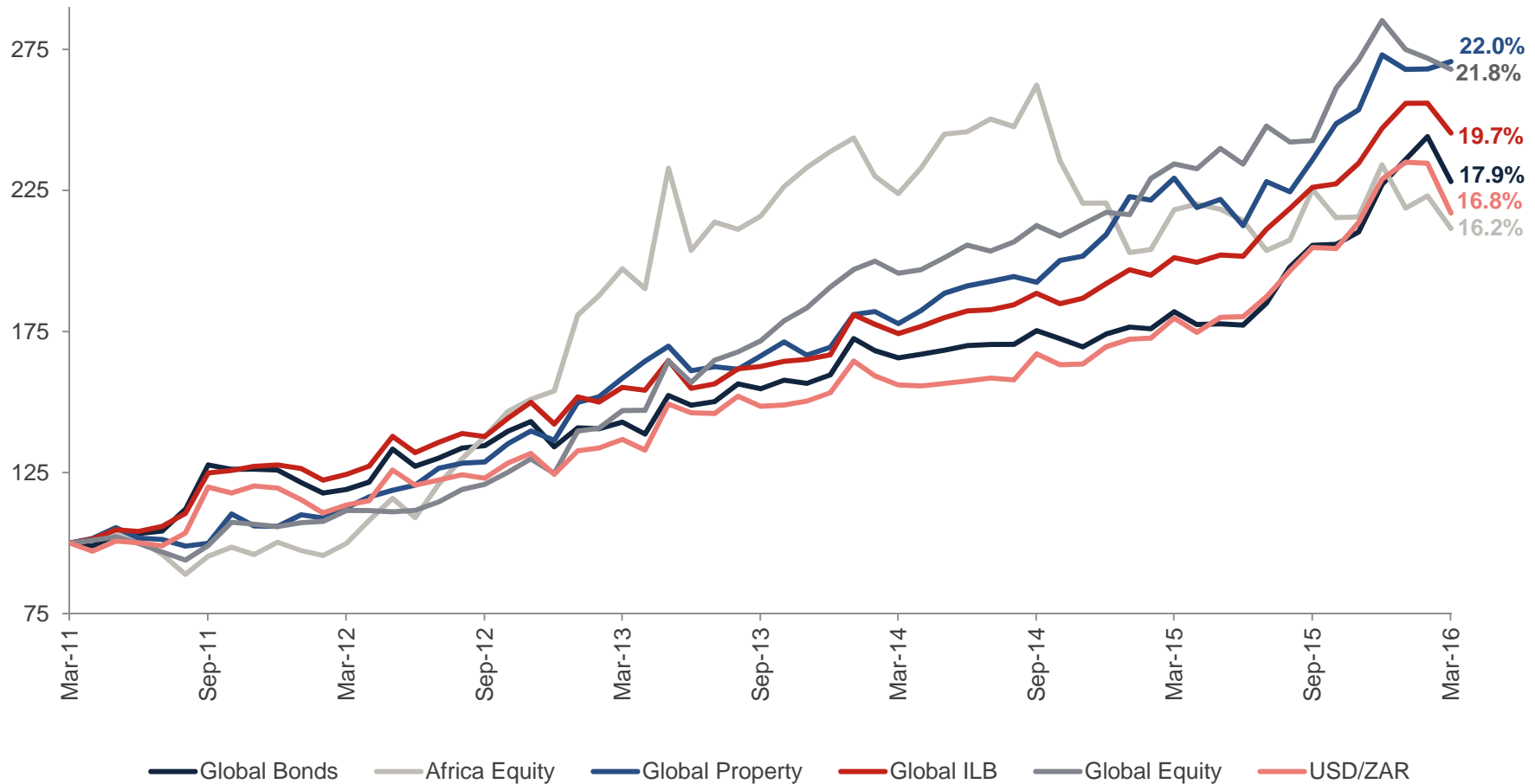
The FTSE/JSE SA Listed Property and the FTSE/JSE SWIX remained in the lead for the five-year period. All the depicted asset classes ended the period ahead of inflation\* (five-year inflation was 5.8%).

Source: INET BFA and Momentum Investments

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

# Global asset classes

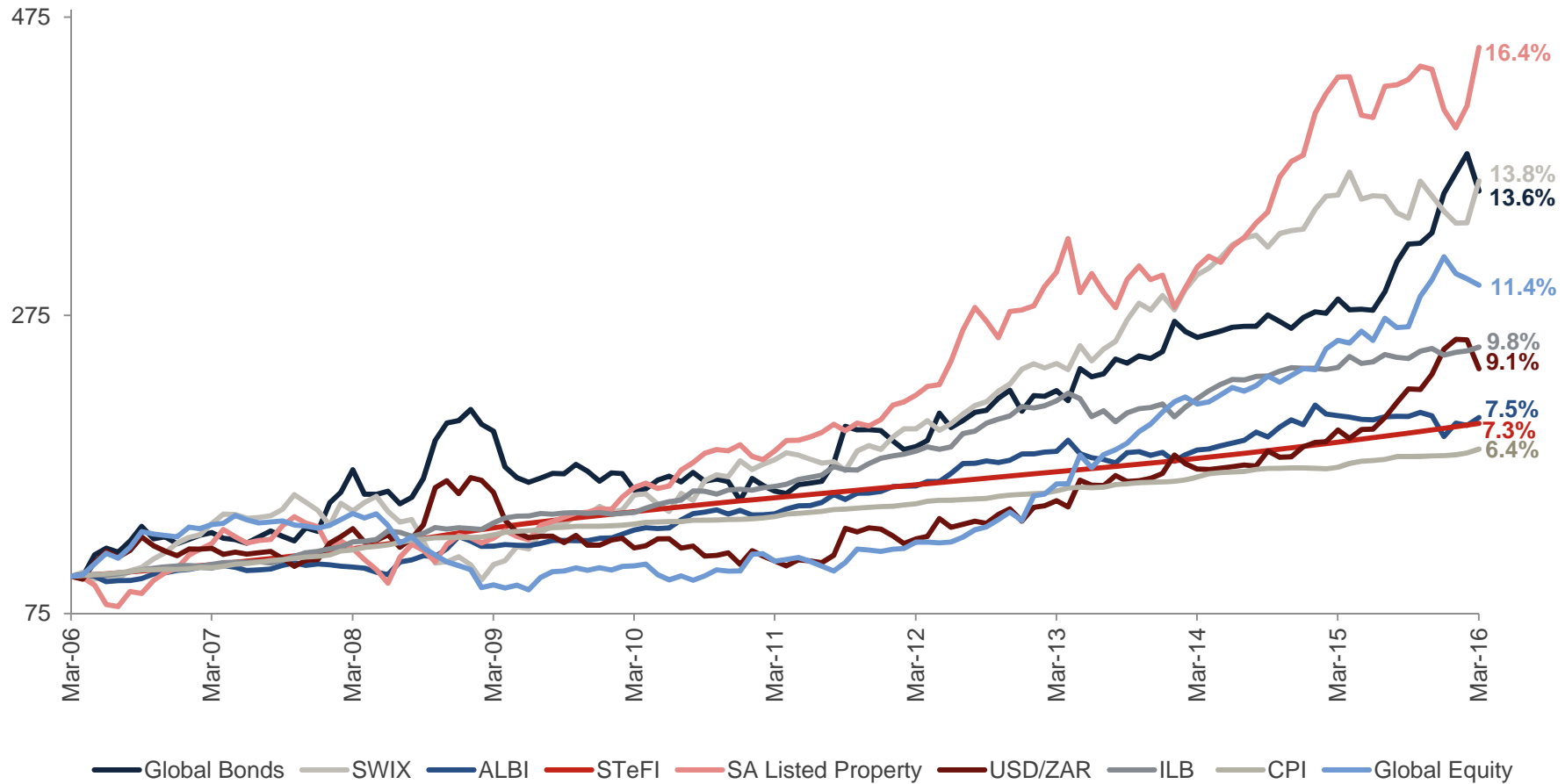
Five years to March 2016



**Global property had the best return for the five-year period, with 22.0%, followed by global equity with 21.8%**  
 Source: INET BFA and Momentum Investments All returns in rand terms

# Asset classes

Ten years to March 2016



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

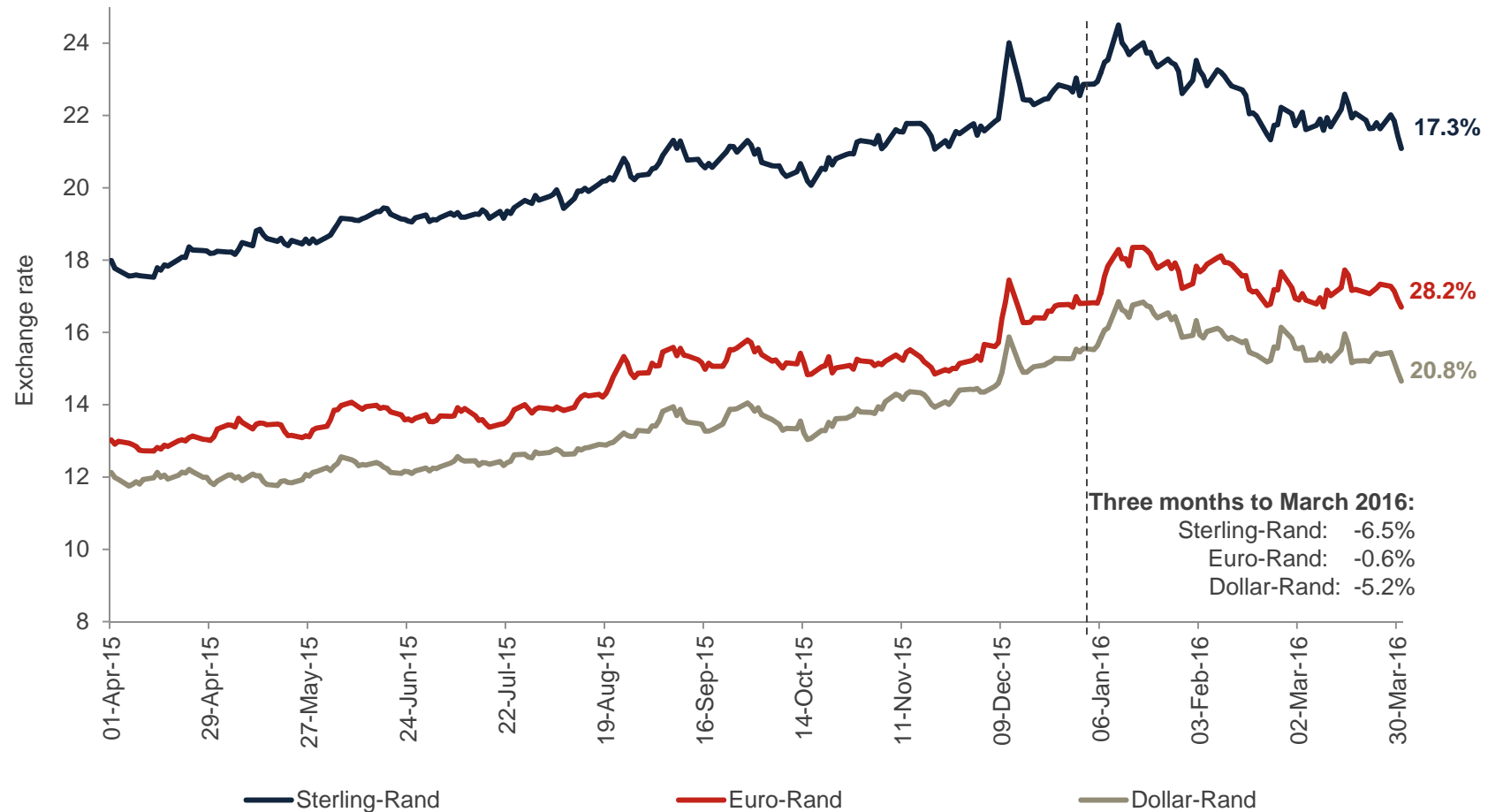
Source: INET BFA and Momentum Investments

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

All returns in rand terms

# Exchange rates

## One year to March 2016

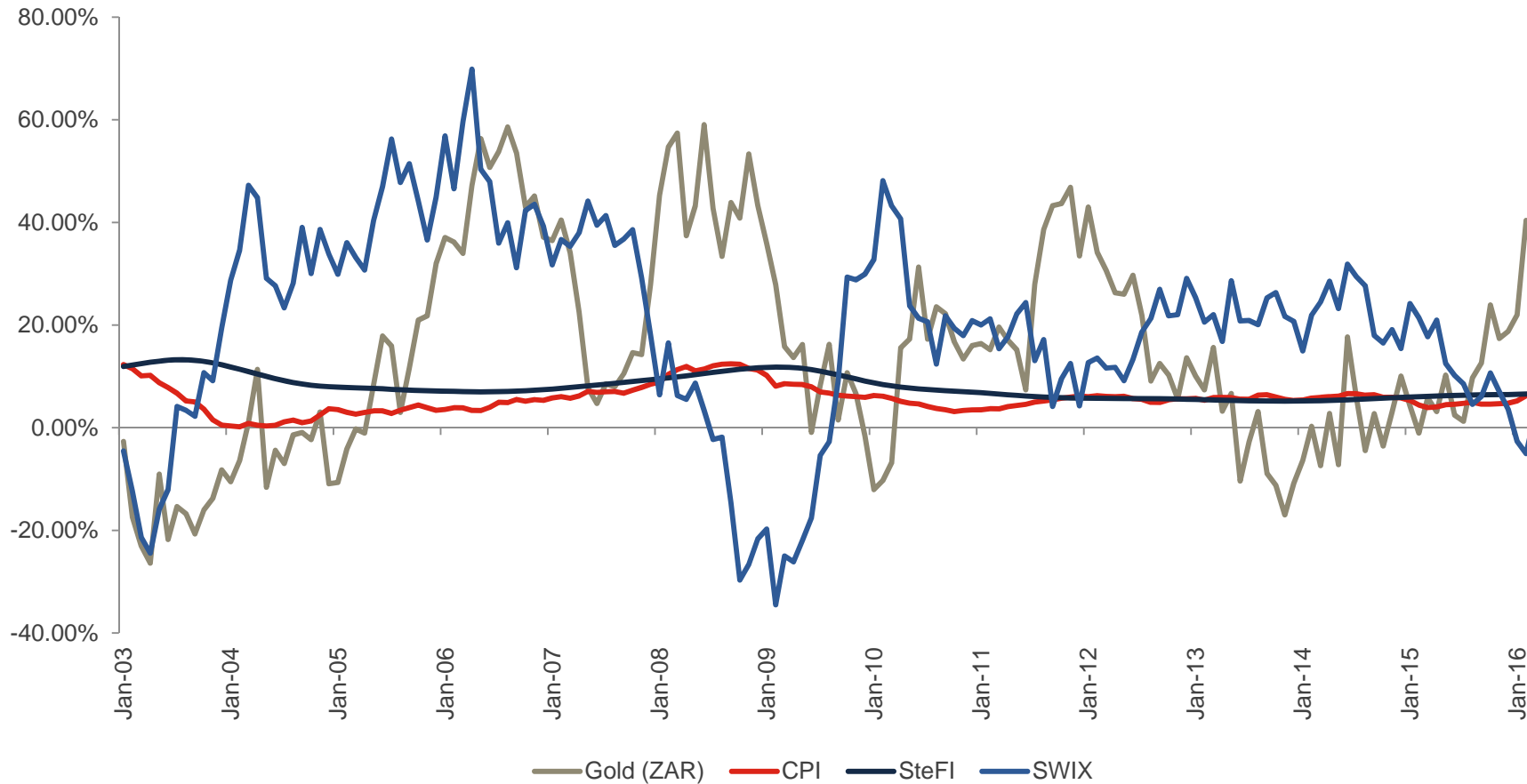


The rand appreciated against all three of the major currencies for the last quarter

Source: INET BFA and Momentum Investments

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

## One-year rolling returns to March 2016



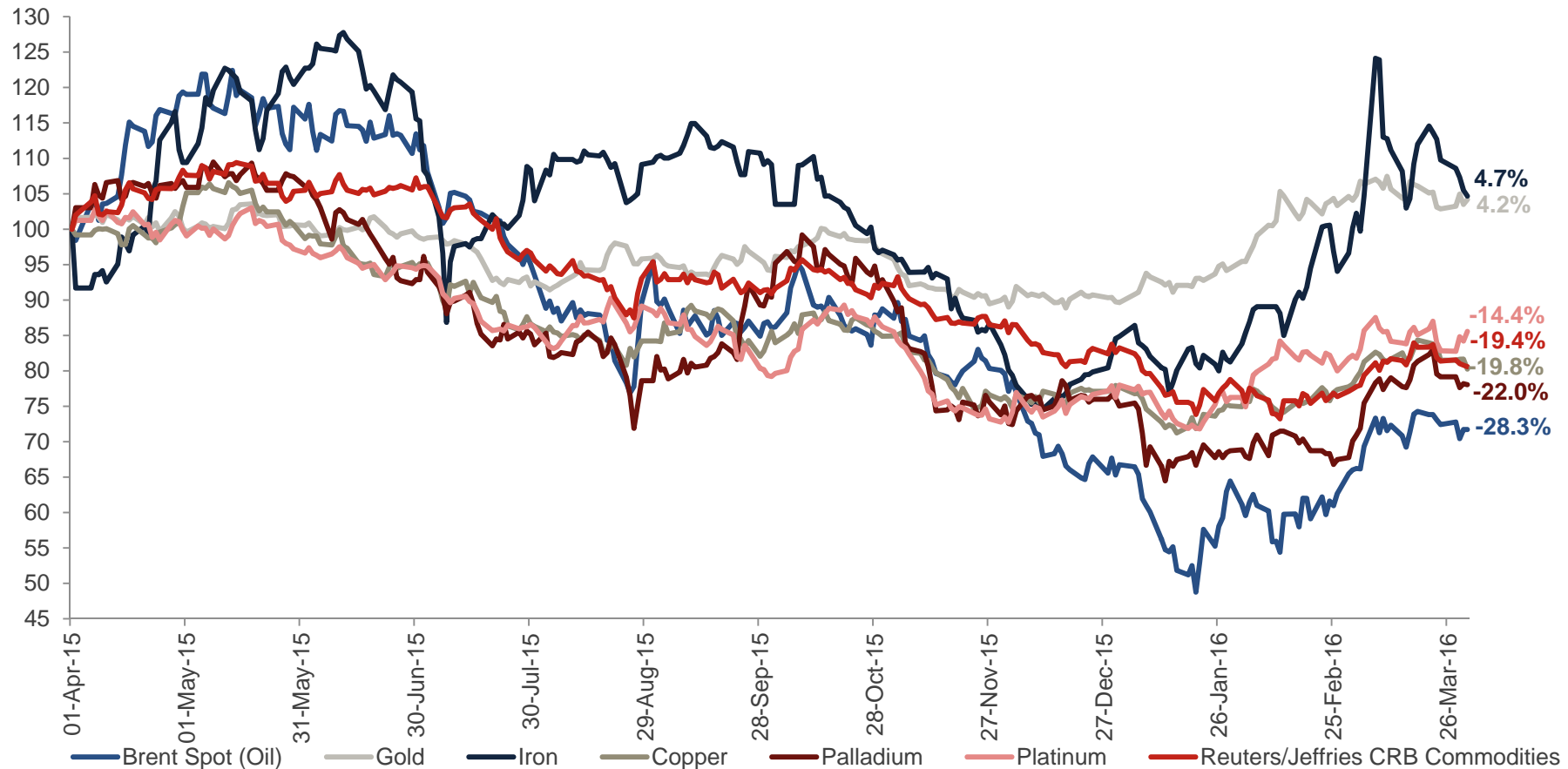
Returns from the gold price in rand terms for the one-year rolling period are showing their diversification benefits compared with equities. The returns were higher than those of the equity market for March 2016.

Source: INET BFA and Momentum Investments

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

# Commodities

## One year to March 2016



The returns from most of the commodities have been disastrous, with Oil decreasing the most by 28.3%, followed by Palladium with 22.0%

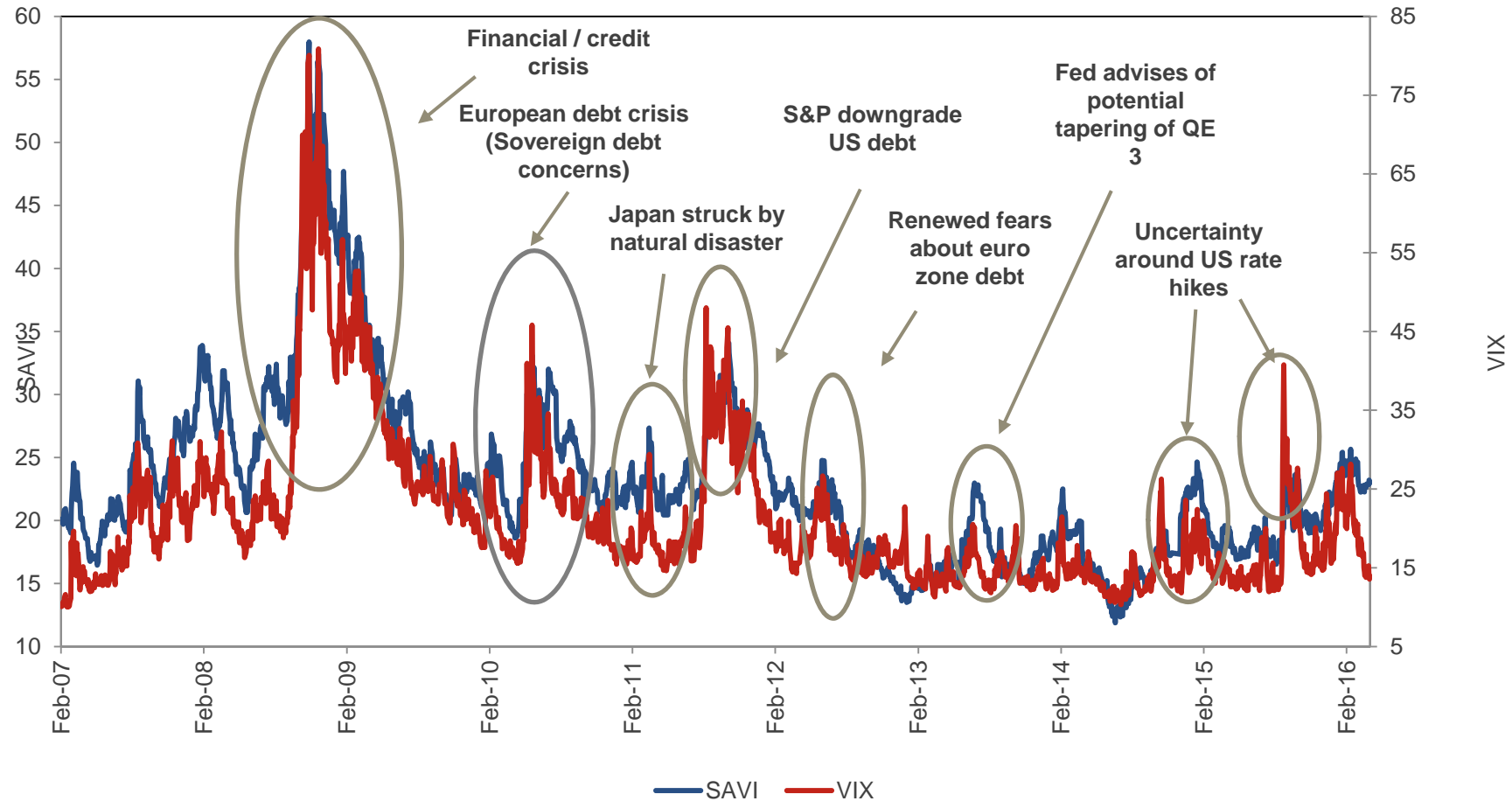
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



# SAVI-VIX

Since February 2007 to March 2016

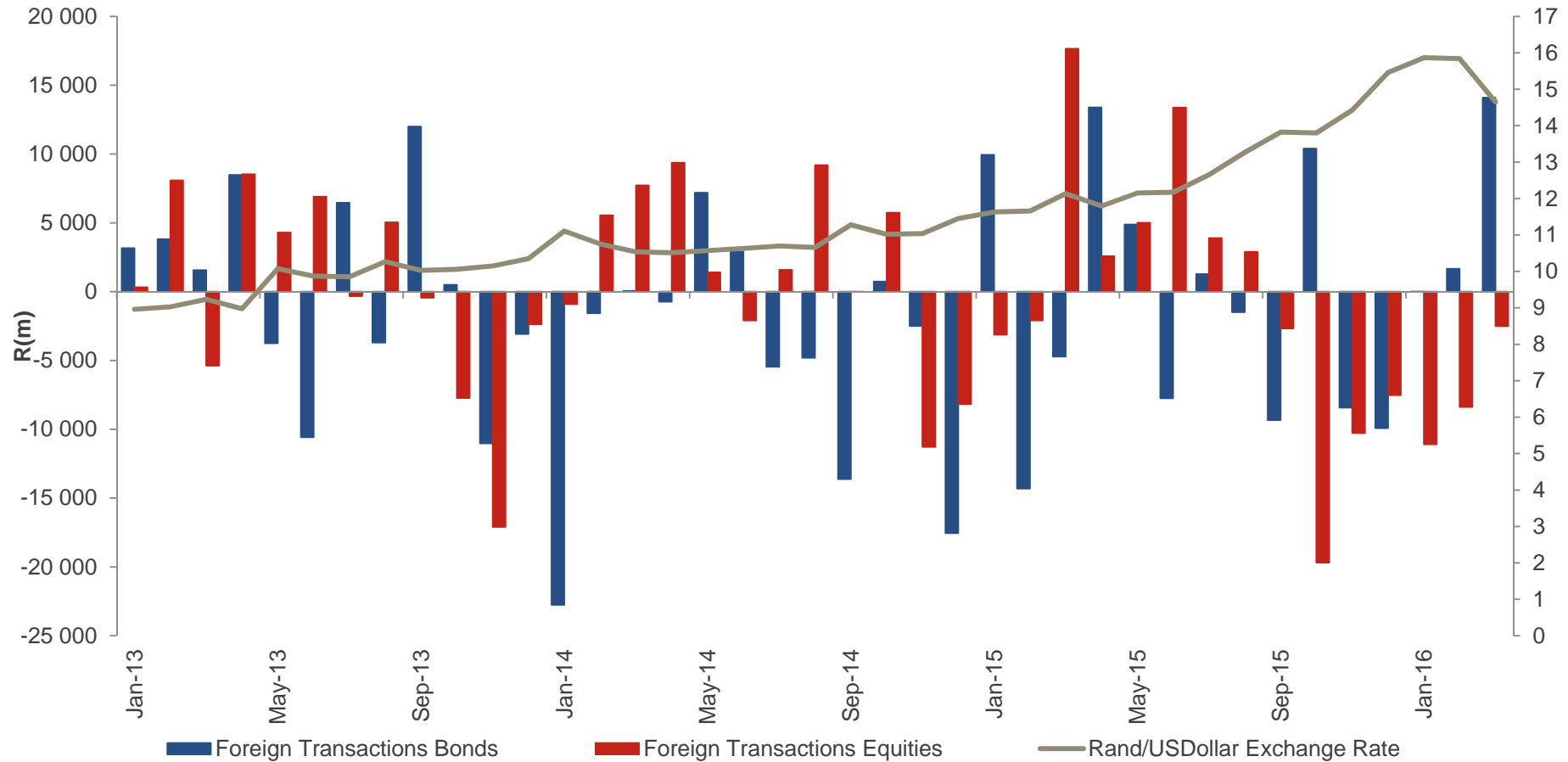


August and September saw higher levels of volatility, due to uncertainty around US interest rate increases as well as the fall in the Chinese share market following a rapid rise in prices

Source: INET BFA and Momentum Investments

# Foreign transactions

## 2013 to 2016



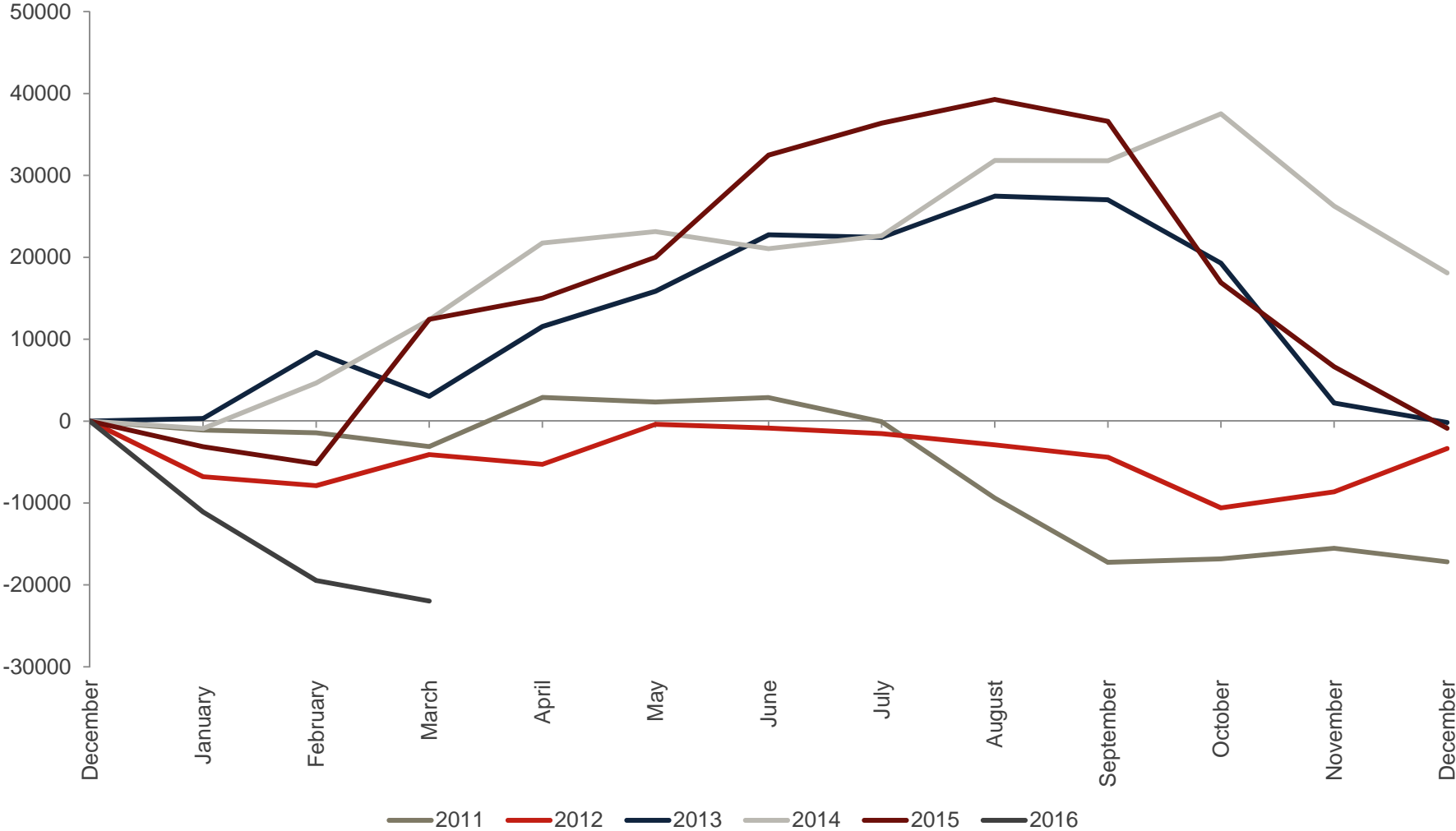
There have been mixed results over the years. For March 2016, net outflows have taken place from equities and strong net inflows from local bonds.

Source: INET BFA and Momentum Investments

# Cumulative foreign transaction equities

2011 to 2016

m

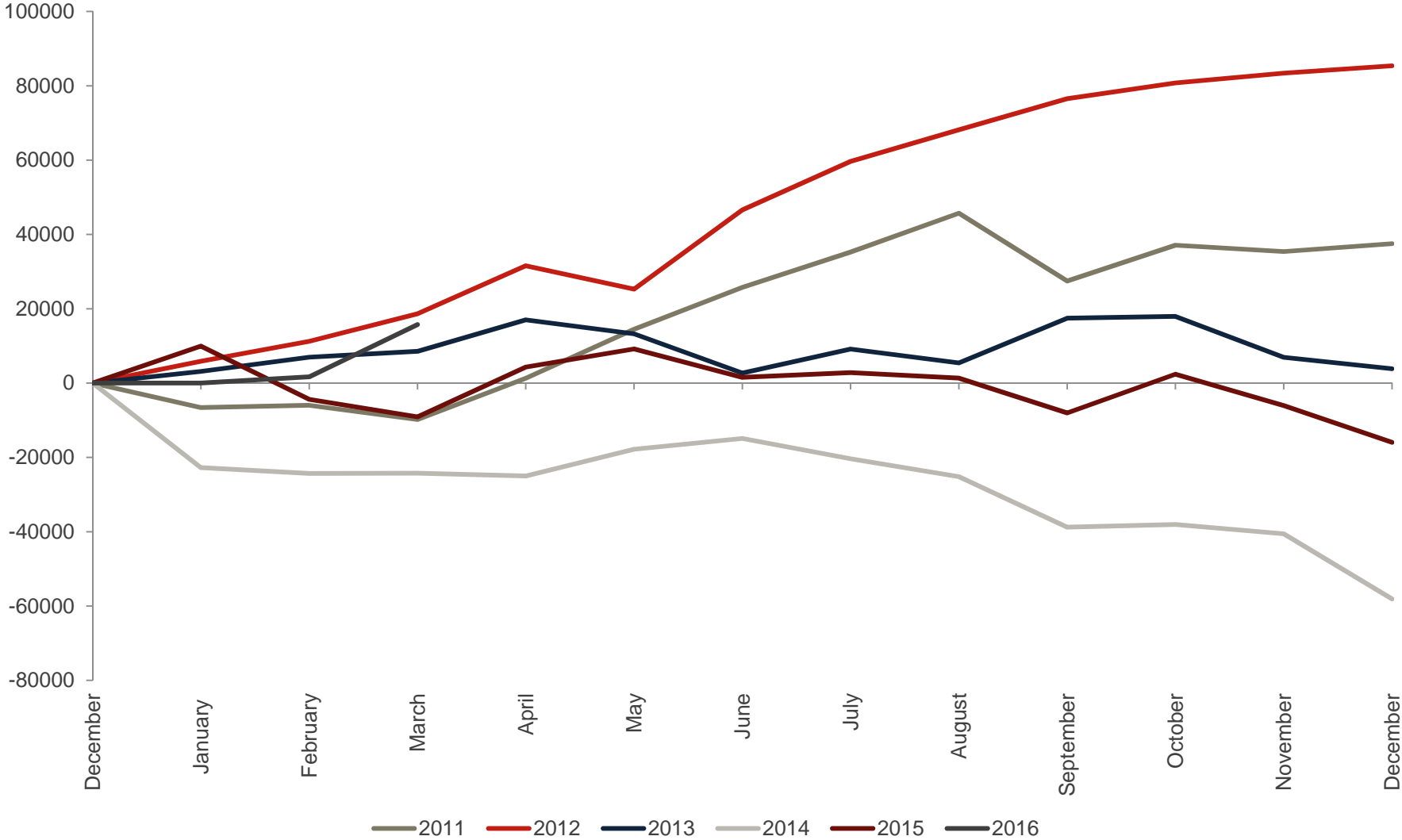


Source: INET BFA and Momentum Investments

# Cumulative foreign transaction bonds

2011 to 2016

m



Source: INET BFA and Momentum Investments

# End of key market performance drivers monthly charts for March 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)
6. The information reproduced in this document has been compiled by or arrived at by Momentum Investments (Pty) Ltd from sources believed to be reliable.
7. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, Momentum Investments (Pty) Ltd does not accept any responsibility for any claim, damages, loss or expense, howsoever arising, out of or in connection with the information in this document, whether by a client, investor or intermediary.
8. The content of this document is confidential and remain the property of Momentum Investments (Pty) Ltd and may not be reproduced without written permission.