

Key market performance drivers

Monthly charts

December 2017

Signatory of:

PRI | Principles for
Responsible
Investment

Market returns concentration

One-year returns ending:

December-17

	NASPERS	
	STANDARD BANK GP	
	FIRSTRAND	
	SANLAM	
Top 5	ANGLO	68%
Top 6	DISCOVERY LIMITED	70%
	EXXARO	
	CAPITEC	
	MR PRICE	
Top 10	MTN GROUP	77%
	SHOPRIT	
	KUMBA IRON ORE	
	NEPI ROCKCASTLE	
	CLICKS GROUP LTD	
	BID CORPORATION LIMITED	
	SASOL	
	BRITISH AMERICAN TOBACCO	
	IMPERIAL	
	RESILIENT REIT LTD	
Top 20	BHPBILL	89%
Remaining	(Positive)	16%
Negative	(58 Shares)	-5%

November-17

	NASPERS	
	MTN GROUP	
	STANDARD BANK GP	
	BRITISH AMERICAN TOBACCO	
Top 5	SANLAM	74%
Top 6	SASOL	76%
	ANGLO	
	FIRSTRAND	
	DISCOVERY LIMITED	
Top 10	CAPITEC	82%
	SHOPRIT	
	NEPI ROCKCASTLE	
	MR PRICE	
	BID CORPORATION LIMITED	
	RESILIENT REIT LTD	
	CLICKS GROUP LTD	
	KUMBA IRON ORE	
	BARWORLD	
	OLDMUTUAL	
Top 20	EXXARO	93%
Remaining	(Positive)	13%
Negative	(62 Shares)	-5%

October-17

	NASPERS	
	ANGLO	
	BRITISH AMERICAN TOBACCO	
	STANDARD BANK GP	
Top 5	BID CORPORATION LIMITED	75%
Top 6	SASOL	78%
	BHPBILL	
	MTN GROUP	
	GLENORE XSTRATA PLC	
Top 10	CAPITEC	85%
	FIRSTRAND	
	BARWORLD	
	KUMBA IRON ORE	
	SAPPI	
	DISCOVERY LIMITED	
	SANLAM	
	NEPI ROCKCASTLE	
	RESILIENT REIT LTD	
	MONDI LTD	
Top 20	OLDMUTUAL	96%
Remaining	(Positive)	16%
Negative	(58 Shares)	-11%

Market-cap weighted returns: 10 shares contributed 85% to the return of the SWIX, while 20 shares contributed 96%

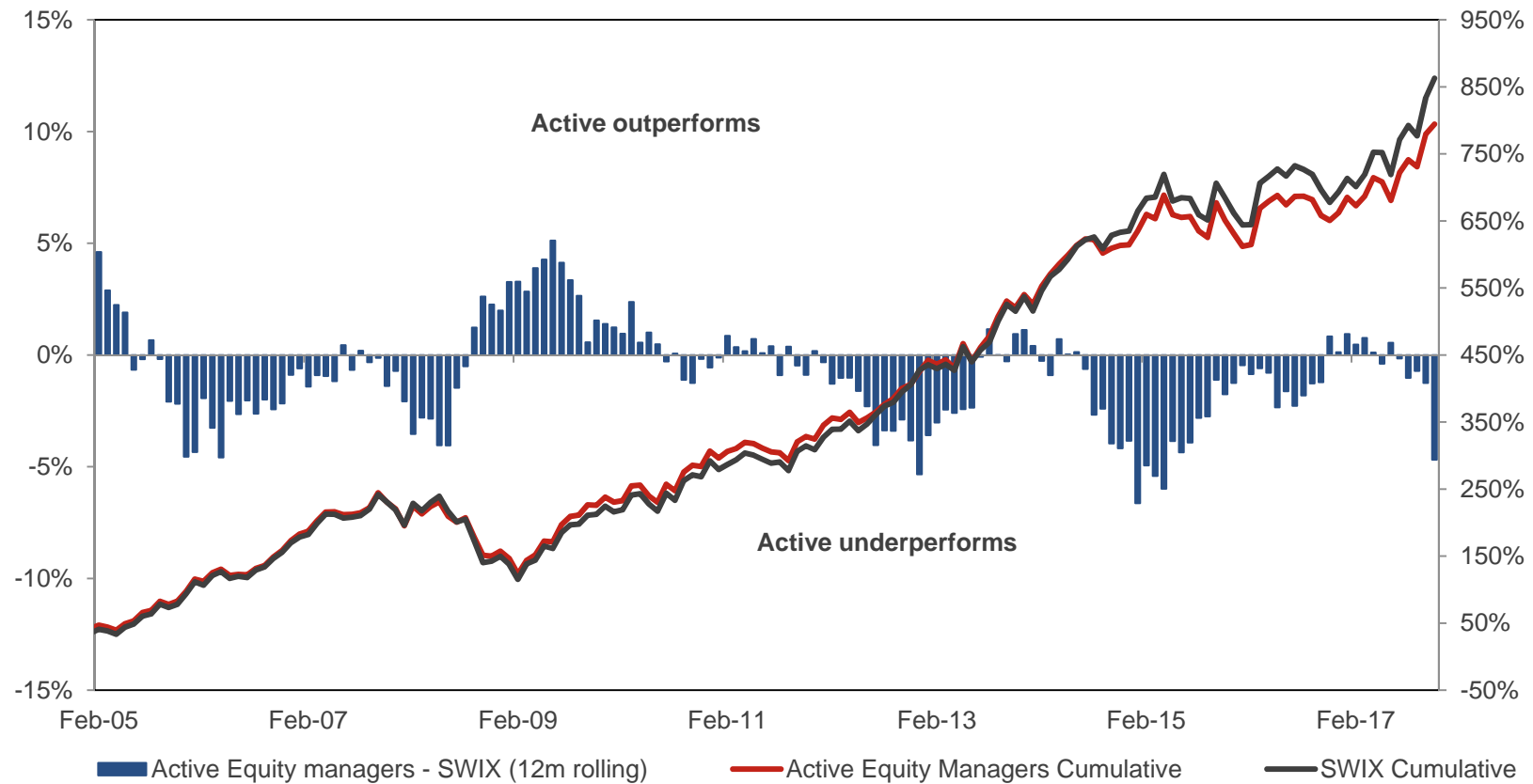
Source: Barra, Deutsche Securities and Momentum Investments



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Active-index analysis

One-year rolling active to November* 2017



Median of Active Equity Managers vs SWIX

The median of the active equity managers underperformed the SWIX for the year ended November 2017

Source: Alexander Forbes SA Equity Manager Watch™, INET BFA and Momentum Investments

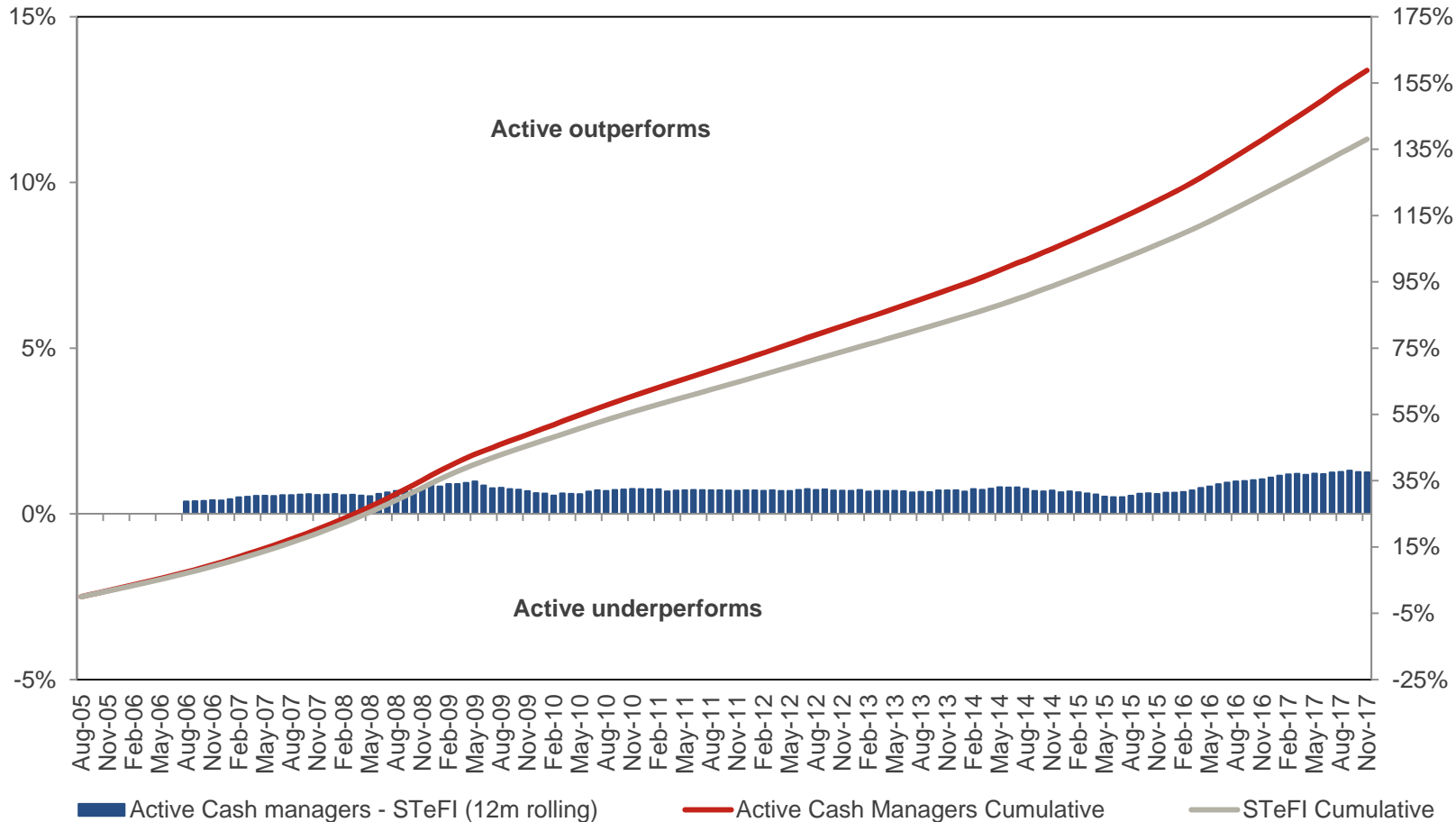
* Lagged by one month due to availability of data



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Active versus tracker: Cash

One-year rolling average to November* 2017



Median of Active Money Market Managers vs SteFI

Source: Alexander Forbes SA Money Market Manager Watch™, INET BFA and Momentum Investments

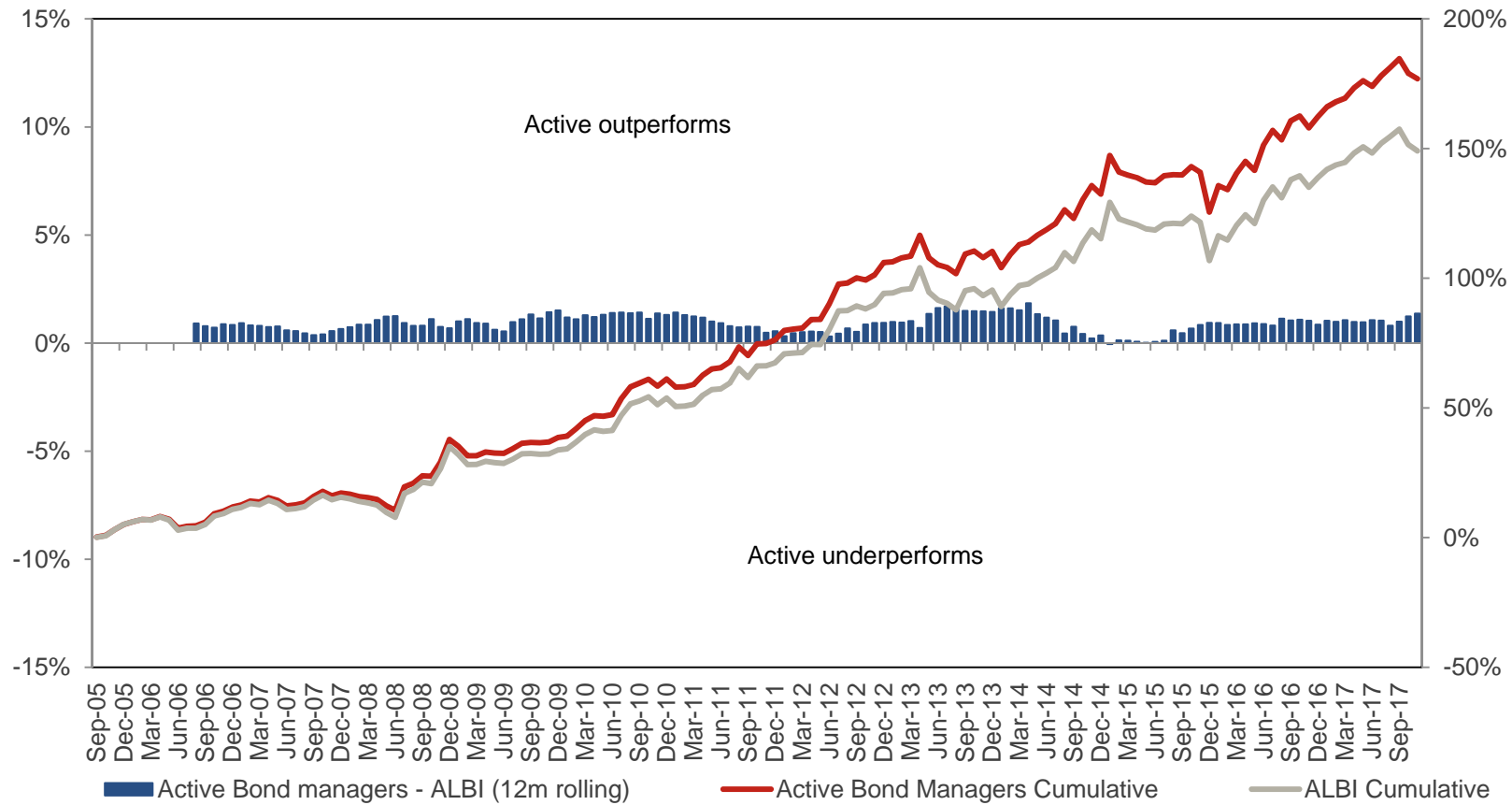
* Lagged by one month due to availability of data



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Active versus tracker: Bonds

One-year rolling average to November* 2017



Median of Active Bond Managers vs ALBI

Source: Alexander Forbes SA Bond Manager Watch™, INET BFA and Momentum Investments

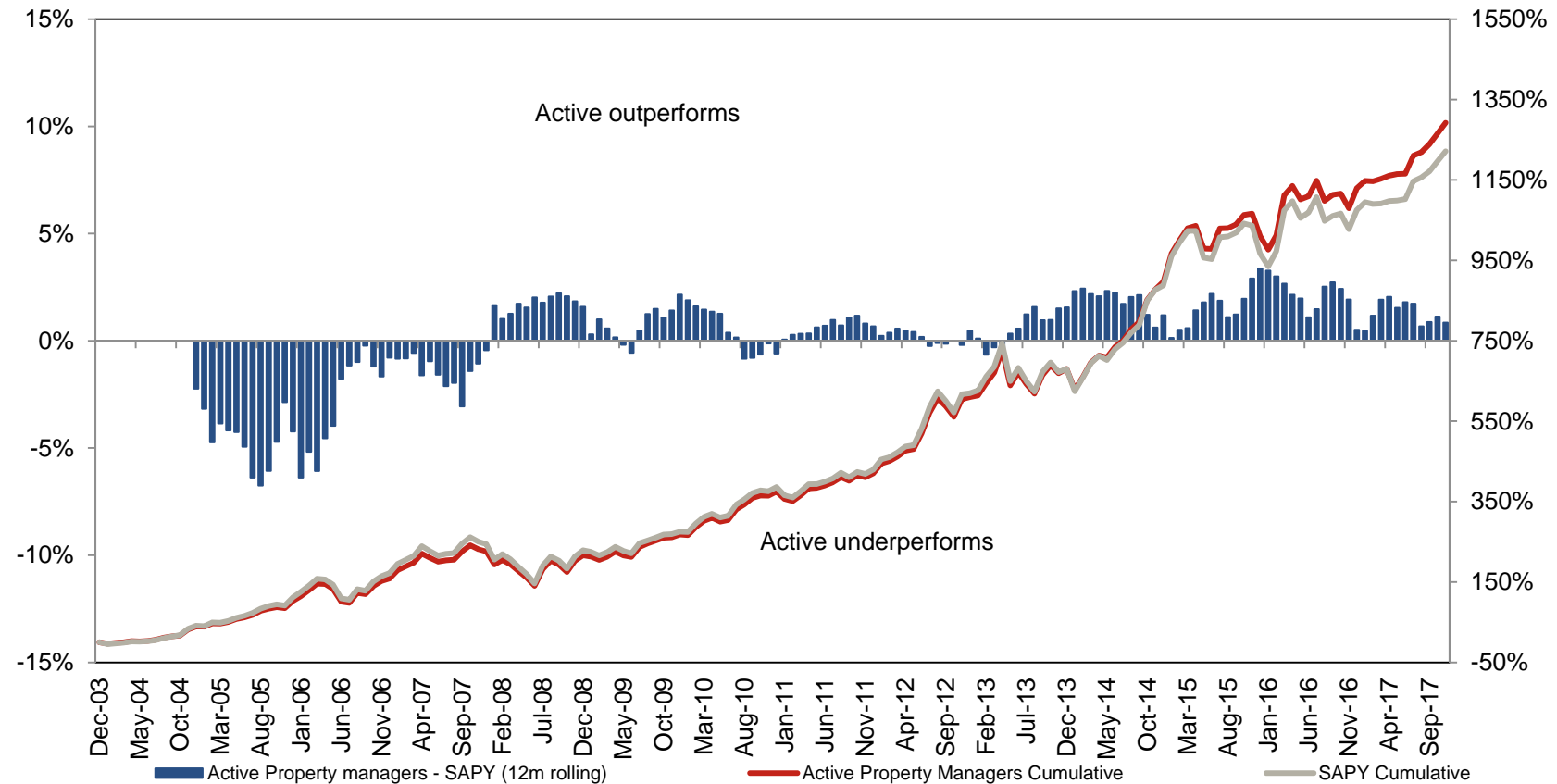
* Lagged by one month due to availability of data



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Active versus tracker: Property

One-year rolling average to November* 2017



Median of Active Property Managers vs SAPY

Source: Alexander Forbes SA Property Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data



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Style returns for South Africa

Data to December 2017

ZAR	Styles	One month to Dec 2017	Three months to Dec 2017	One year to Dec 2017	Three years to Dec 2017	Five years to Dec 2017	Ten years to Dec 2017	Twenty years to Dec 2017
Value	Book to Price	-2.39	-8.63	-14.47	-3.50	-3.16	-2.54	2.15
	Dividend Yield	1.74	-4.61	-0.73	0.70	-0.88	2.19	4.58
	Earnings Yield	0.23	-4.56	-8.53	-3.63	-2.84	-0.66	2.90
	Cash Flow Yield	-0.41	-1.66	-3.28	3.98	0.44	-0.32	3.58
	Sales to Price	0.37	-1.70	-3.58	0.02	-1.78	-1.47	2.20
Quality	ROE	4.30	8.35	12.09	0.10	-0.62	1.33	-1.08
	ROIC LT	1.30	-0.82	-3.69	-2.23	-2.62	-0.29	-2.65
	Income to Sales	2.00	3.66	3.34	0.32	0.71	1.59	-0.44
	Low market beta	0.37	-3.42	-5.04	3.93	3.82	-1.52	1.52
	Low Debt/Equity	1.00	1.12	-0.70	-0.13	-0.38	-2.17	-0.74
	EBIT Margin Stability	0.76	-2.35	-12.78	1.17	0.88	3.04	-1.14
Growth	Earnings Growth	-1.96	4.20	3.01	0.68	0.06	-1.61	-0.50
	Sales Growth	-1.27	-3.78	-7.21	-2.89	-0.97	-0.26	-0.07
	12M Earning Growth	-3.63	-8.69	-5.83	-5.36	-2.74	-0.10	4.77
Momentum	FY1 Earnings Revisions	-0.57	0.74	6.33	1.78	4.70	8.95	7.41
	Short Term Momentum	4.12	7.81	3.14	4.65	2.55	0.44	-1.61
	Medium Term Momentum	2.80	8.81	4.32	2.96	5.40	4.41	6.30
Size	Size	3.67	8.90	15.54	1.72	-0.09	2.59	0.17

The size (large cap) and momentum factors had strong returns for most periods. The value factors had strong returns for the very long term (20 years)

Source: FactSet , Momentum Global Investment Management and Momentum Investments



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MSCI developed and emerging markets

One year to December 2017



Source: INET BFA, MSCI and Momentum Investments



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SA 10-year bond yields

Five years to December 2017



Source: INET BFA and Momentum Investments



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Yield of R197 (inflation-linked bond)

Since May 2001 to December 2017



Source: INET BFA and Momentum Investments



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FTSE/JSE sectors

One year to December 2017



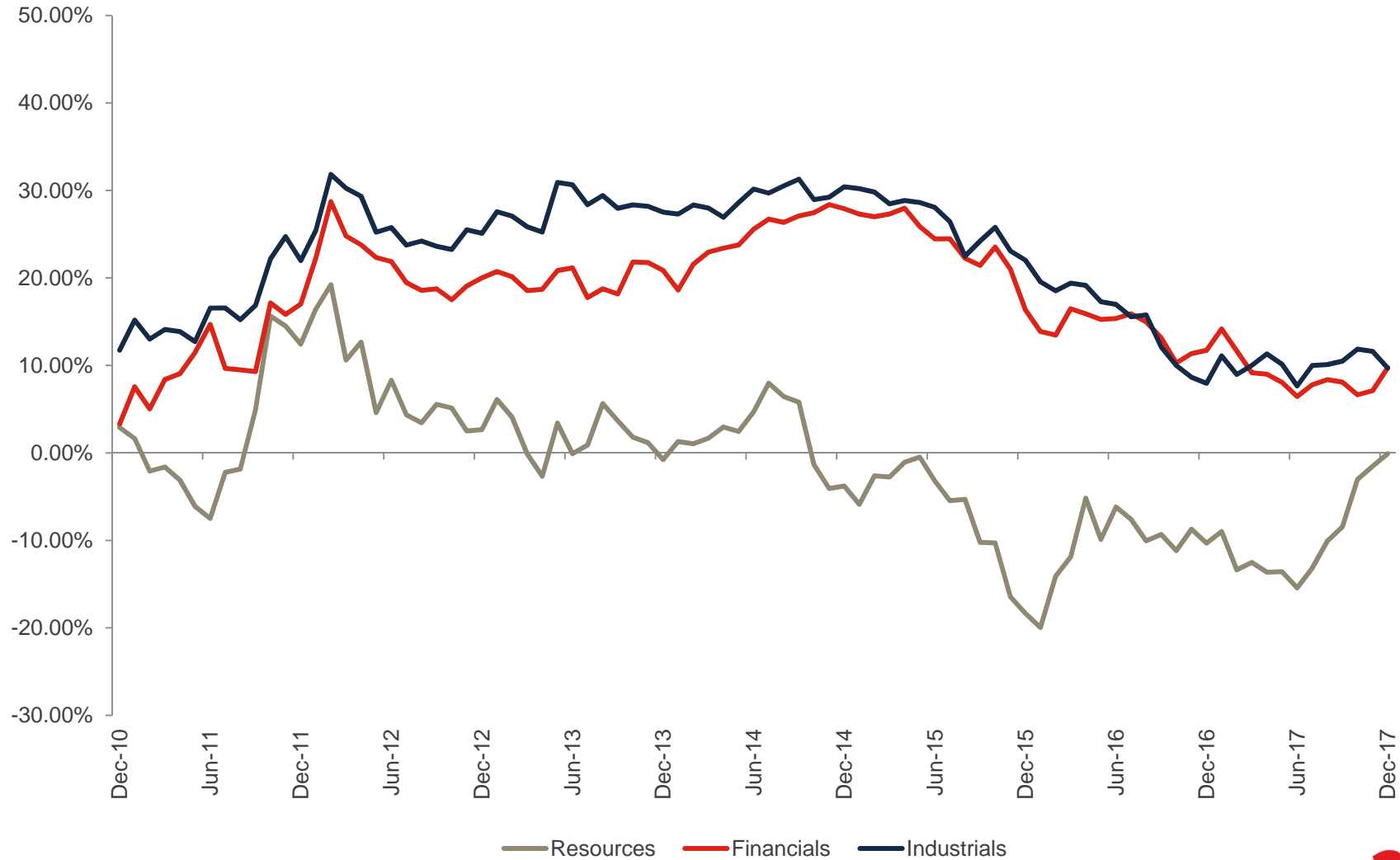
Source: INET BFA and Momentum Investments



investments

FTSE/JSE sectors

Rolling three-year return to December 2017



Source: INET BFA and Momentum Investments

Returns are annualised



FTSE/JSE sectors

Decomposed

Three months to December 2017

1	Industrial Metals	Basic Materials	62.7%	19	General Mining	Mining	5.6%
2	Coal Mining	Mining	32.3%	20	Platinum Mining	Mining	5.6%
3	Banks	Financials	28.3%	21	Mobile Telecommunications	Telecommunication	4.3%
4	General Retailers	Consumer Services	22.6%	22	Non-life Insurance	Financials	3.9%
5	Industrial Transportation	Industrials	21.6%	23	Industrial Engineering	Industrials	3.6%
6	Life Insurance	Financials	18.9%	24	Health Care Equipment & Services	Health Care	3.3%
7	Food Producers	Consumer Goods	18.9%	25	General Financial	Financials	2.8%
8	Automobiles & Parts	Consumer Goods	18.2%	26	Tobacco	Consumer Goods	-1.1%
9	Media	Consumer Services	18.1%	27	Gold Mining	Mining	-1.4%
10	General Industrials	Industrials	16.5%	28	Equity Investment Instruments	Financials	-5.0%
11	Chemicals	Basic Materials	14.4%	29	Electronic & Electrical Equipment	Industrials	-5.5%
12	Beverages	Consumer Goods	10.0%	30	Pharmaceuticals & Biotechnology	Health Care	-7.8%
13	Real Estate Investment & Services	Financials	9.9%	31	Personal Goods	Consumer Goods	-9.1%
14	Food & Drug Retailers	Consumer Services	8.6%	32	Forestry & Paper	Basic Materials	-9.9%
15	Construction & Materials	Industrials	8.0%	33	Software & Computer Services	Technology	-13.5%
16	Support Services	Industrials	7.8%	34	Fixed Line Telecommunications	Telecommunication	-16.9%
17	Real Estate Investment Trusts	Financials	6.5%	35	Household Goods	Consumer Goods	-92.3%
18	Travel & Leisure	Consumer Services	6.5%				

Key
Resources
Financials
Industrials

Source: Barra, Deutsche Securities and Momentum Investments



investments

FTSE/JSE sectors

Decomposed

One year to December 2017

1	Coal Mining	Mining	93.0%	19	Mobile Telecommunications	Telecommunication	9.6%
2	Industrial Metals	Basic Materials	90.4%	20	Support Services	Industrials	9.0%
3	Media	Consumer Services	71.6%	21	Construction & Materials	Industrials	7.4%
4	Industrial Transportation	Industrials	34.5%	22	Equity Investment Instruments	Financials	1.6%
5	Banks	Financials	30.7%	23	Automobiles & Parts	Consumer Goods	0.7%
6	Life Insurance	Financials	27.9%	24	General Financial	Financials	0.2%
7	Food & Drug Retailers	Consumer Services	27.8%	25	Platinum Mining	Mining	-1.0%
8	Personal Goods	Consumer Goods	25.7%	26	Beverages	Consumer Goods	-1.3%
9	General Mining	Mining	25.7%	27	Pharmaceuticals & Biotechnology	Health Care	-2.1%
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12	Non-life Insurance	Financials	18.1%	30	Health Care Equipment & Services	Health Care	-14.6%
13	Food Producers	Consumer Goods	13.6%	31	Travel & Leisure	Consumer Services	-19.2%
14	Forestry & Paper	Basic Materials	13.1%	32	Industrial Engineering	Industrials	-23.3%
15	General Industrials	Industrials	12.9%	33	Fixed Line Telecommunications	Telecommunication	-30.2%
16	Tobacco	Consumer Goods	11.2%	34	Software & Computer Services	Technology	-33.6%
17	Real Estate Investment Trusts	Financials	10.5%	35	Household Goods	Consumer Goods	-93.4%
18	Chemicals	Basic Materials	9.7%				

Key

Resources

Financials

Industrials

Source: Barra, Deutsche Securities and Momentum Investments



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FTSE/JSE market caps

One year to December 2017



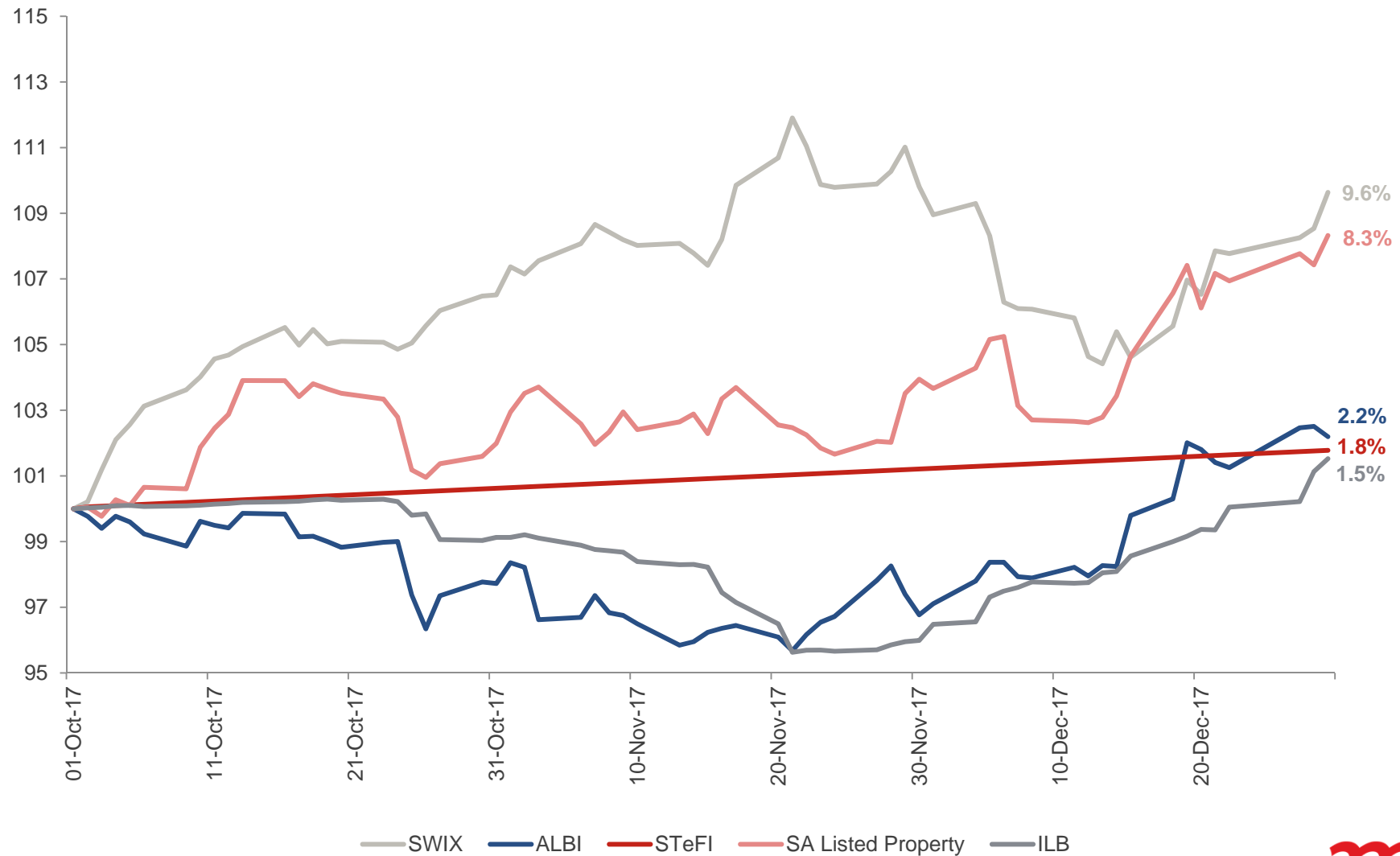
Source: INET BFA and Momentum Investments



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Local asset classes

Three months to December 2017



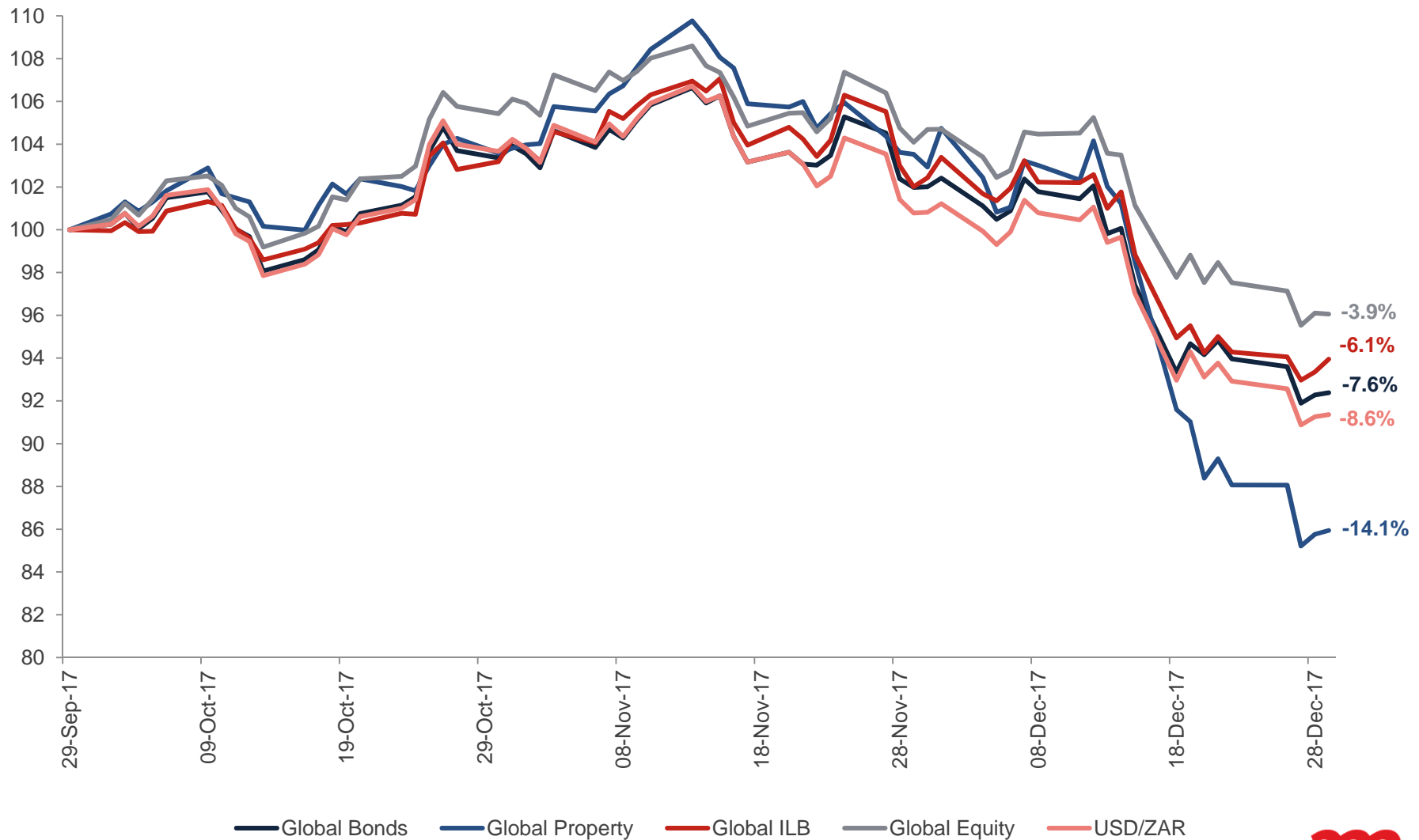
Source: INET BFA and Momentum Investments



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Global asset classes

Three months to December 2017



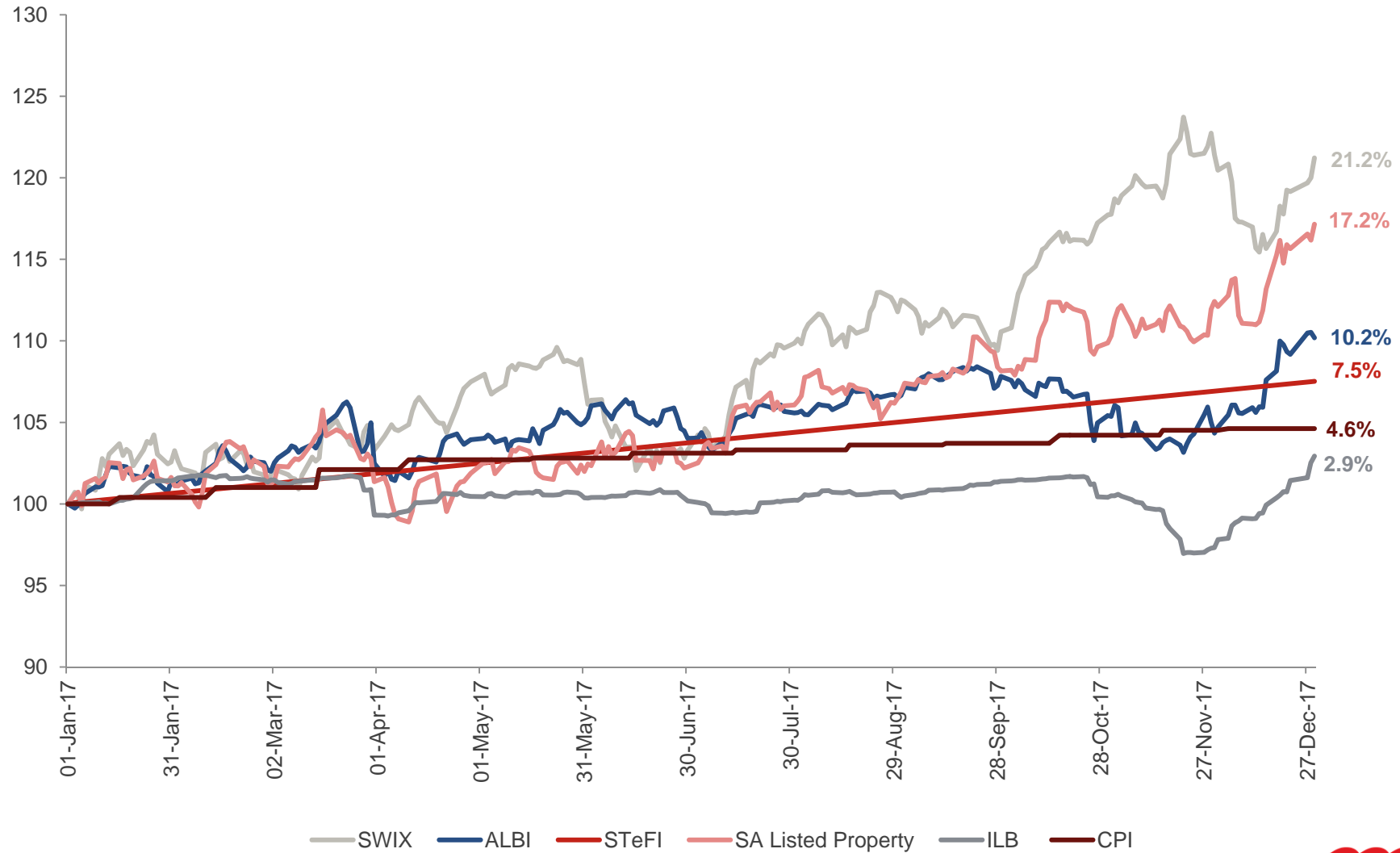
Source: INET BFA and Momentum Investments



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Local asset classes

One year to December 2017



Source: INET BFA and Momentum Investments

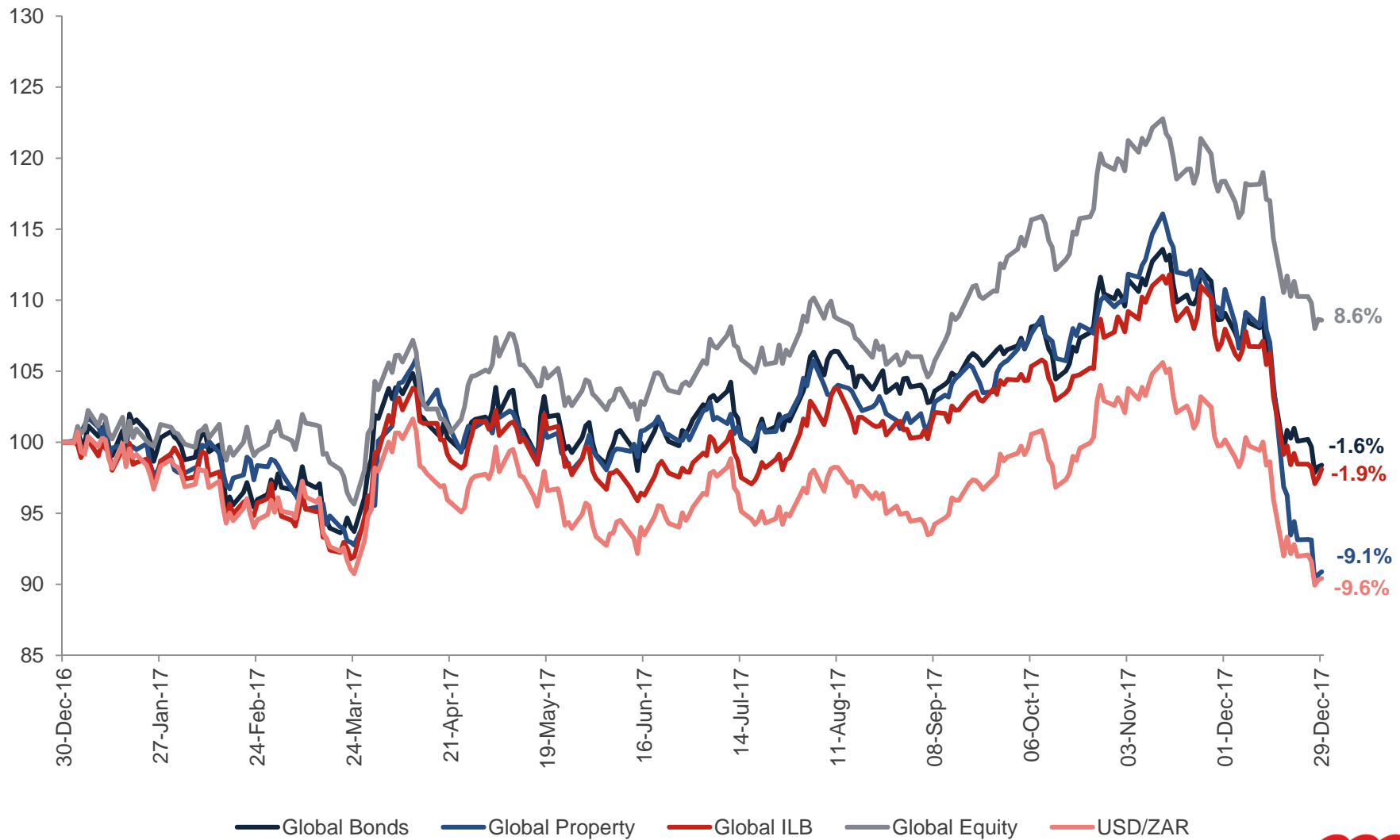
*CPI is lagged by one month due to availability of inflation data



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Global asset classes

One year to December 2017



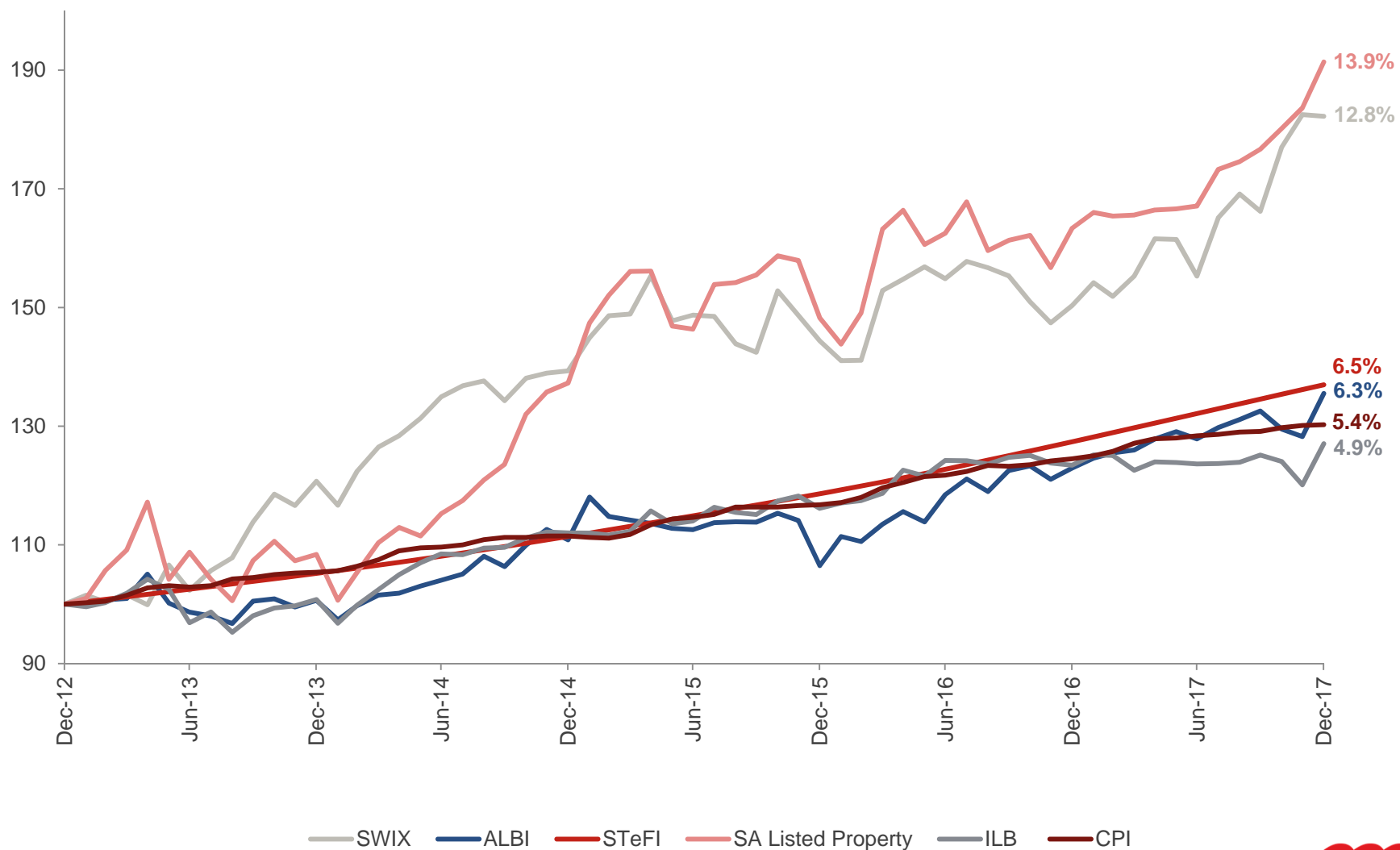
Source: INET BFA and Momentum Investments



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Local asset classes

Five years to December 2017



Source: INET BFA and Momentum Investments

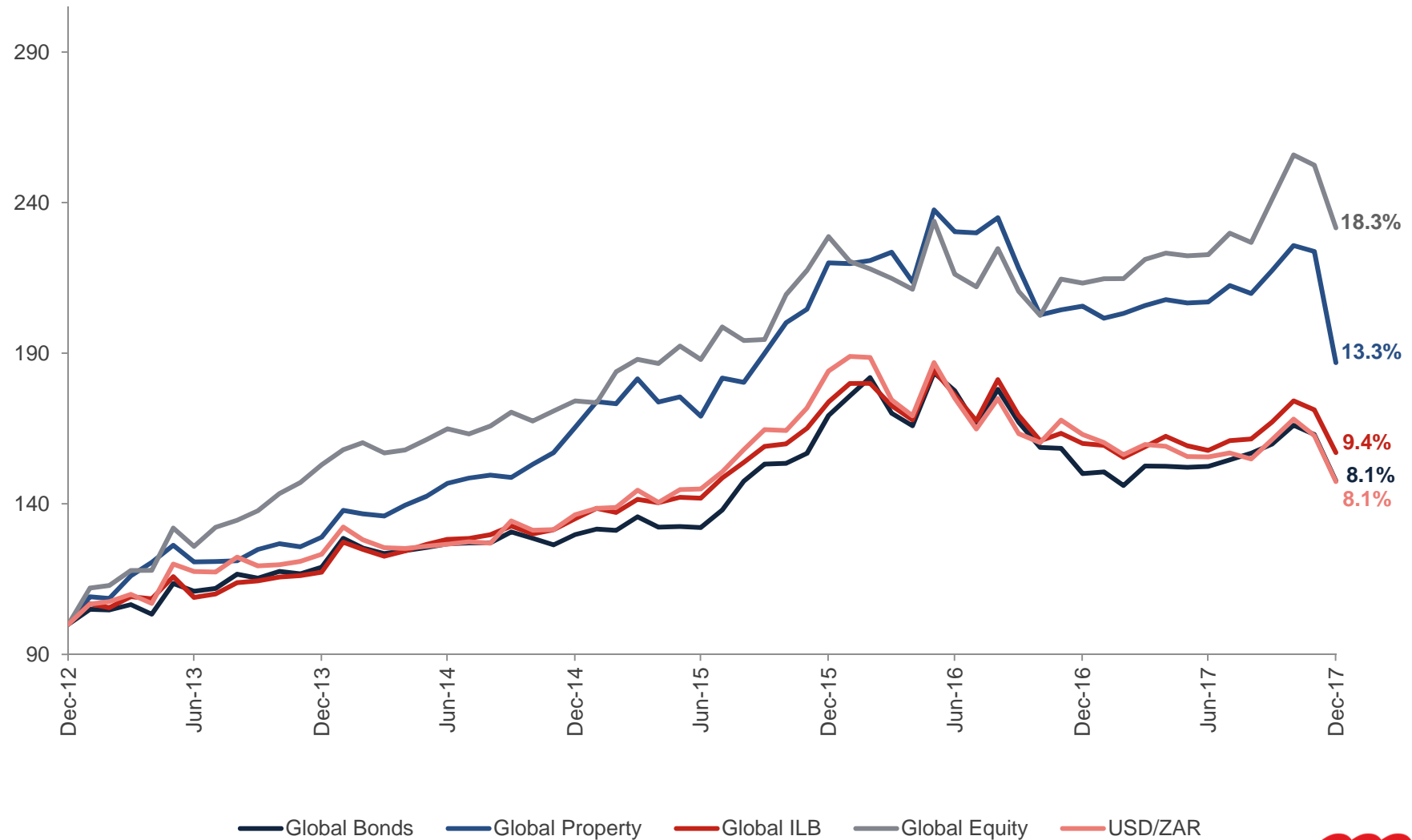
*CPI is lagged by one month due to availability of inflation data



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Global asset classes

Five years to December 2017



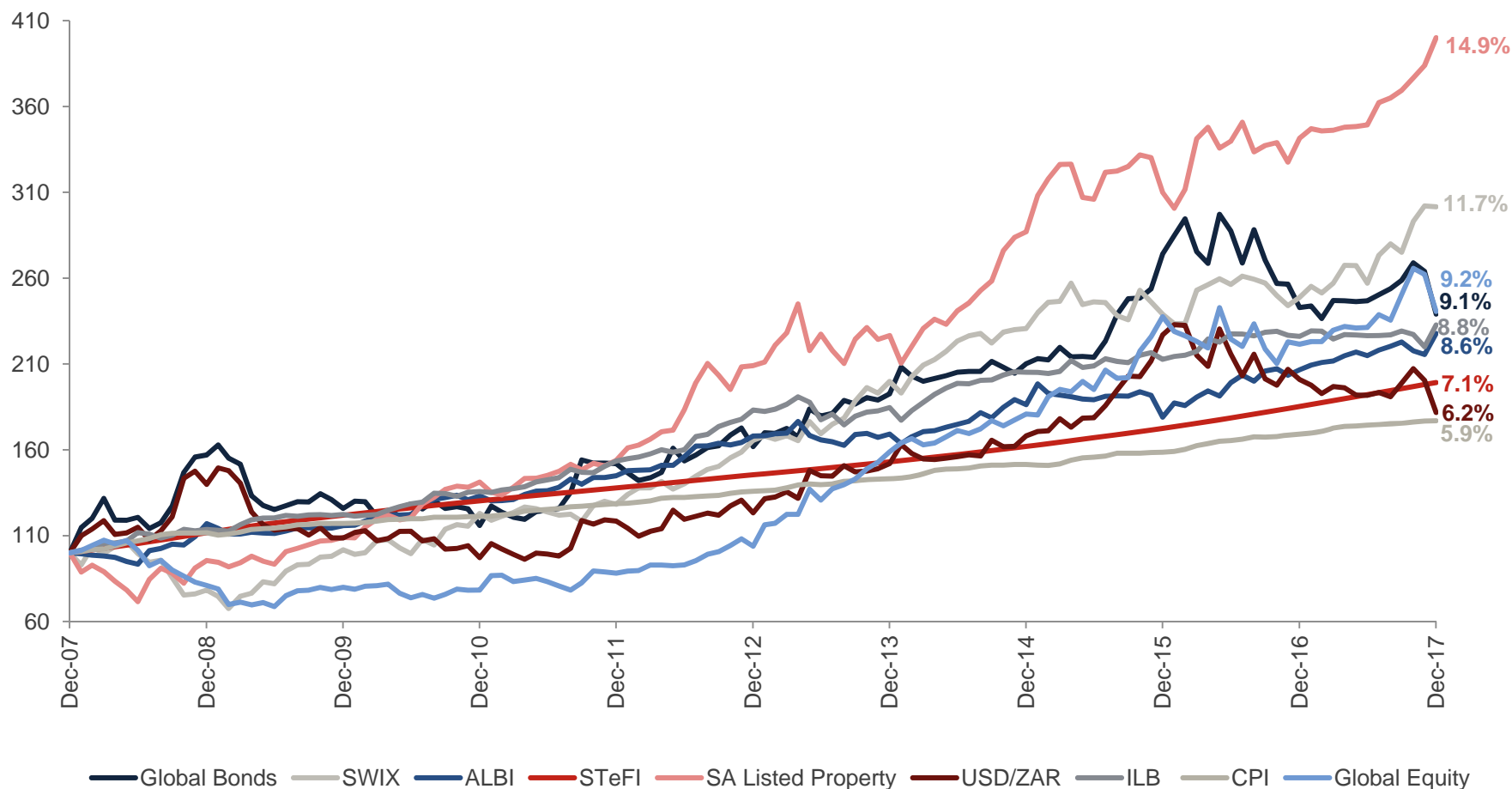
Source: INET BFA and Momentum Investments



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Asset classes

Ten years to December 2017



For the 10-year period to December 2017, the FTSE/JSE SA Listed Property continued to outperform, followed by the SWIX and Global Equity

Source: INET BFA and Momentum Investments

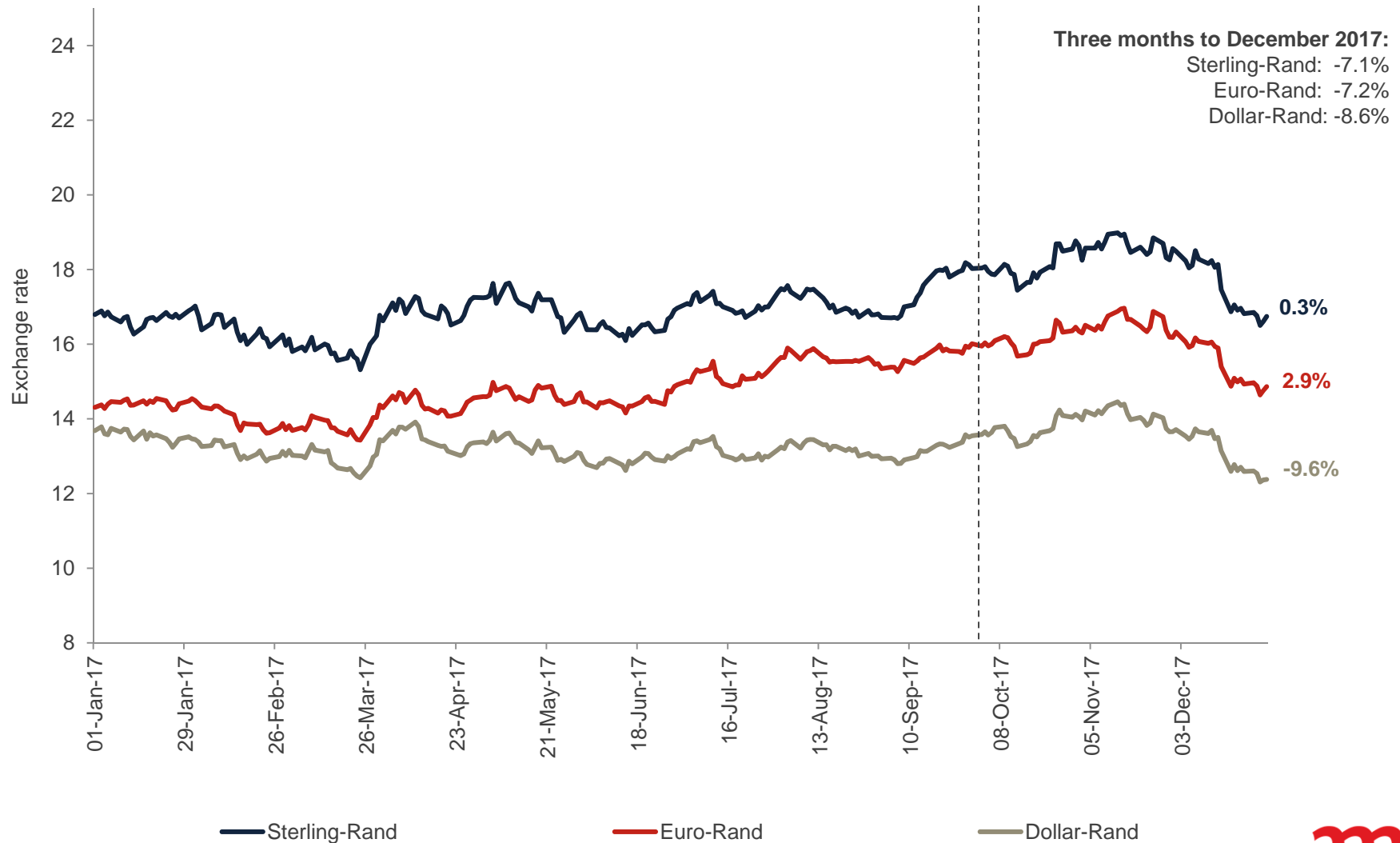
*CPI is lagged by one month due to availability of inflation data



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Exchange rates

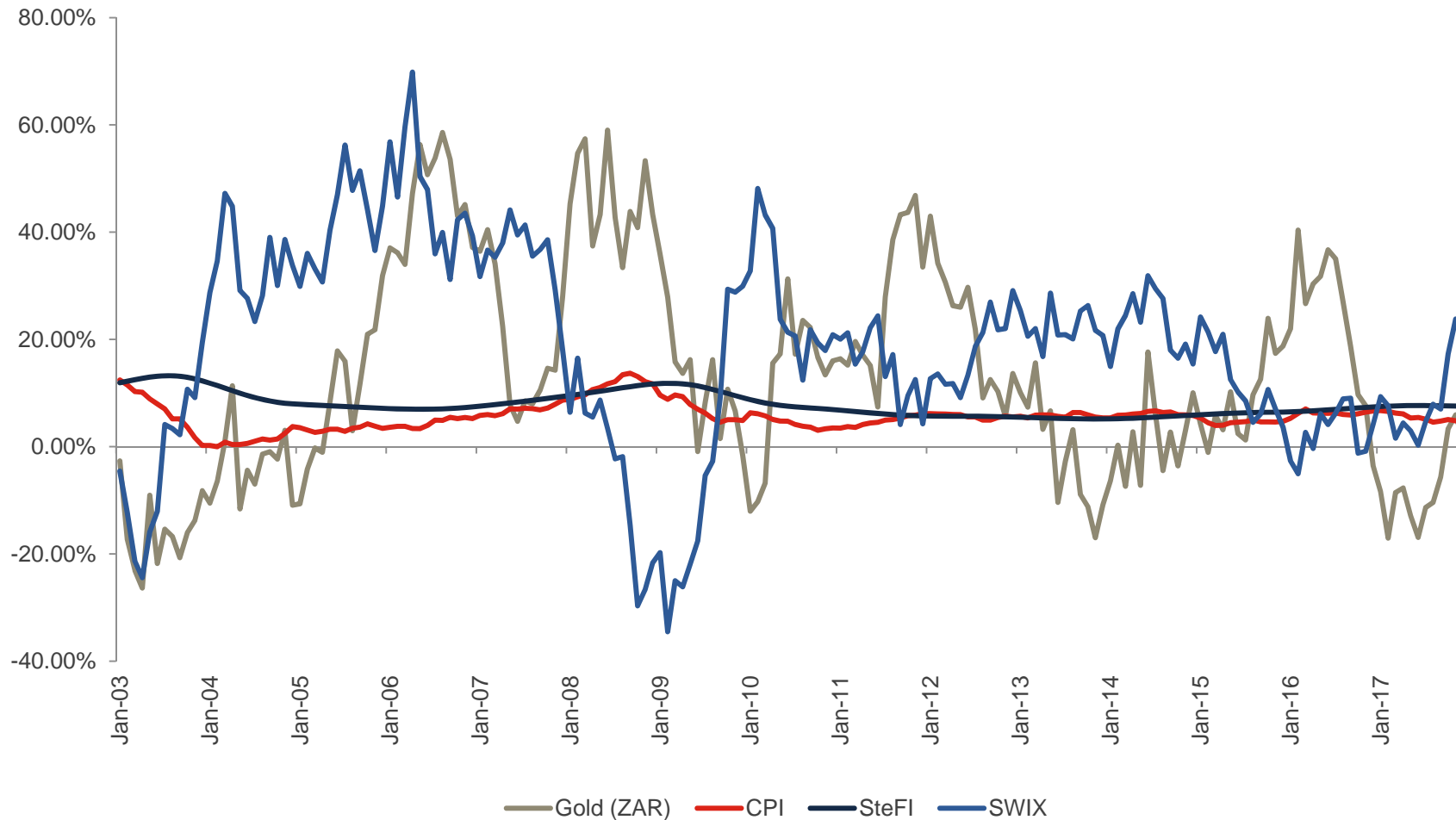
One year to December 2017



Source: INET BFA and Momentum Investments

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

One-year rolling returns to December 2017



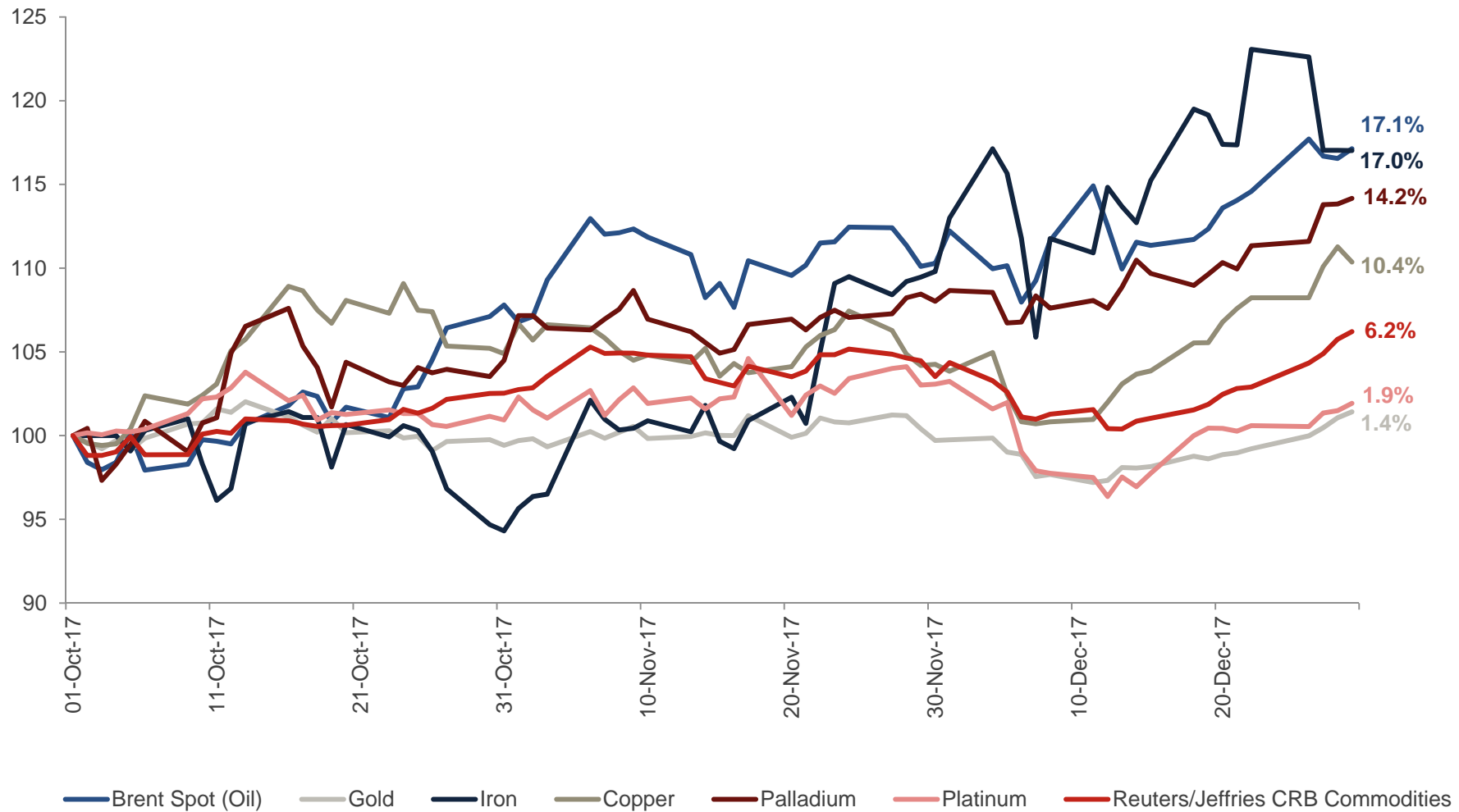
Source: INET BFA and Momentum Investments

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



Commodities

Three months to December 2017



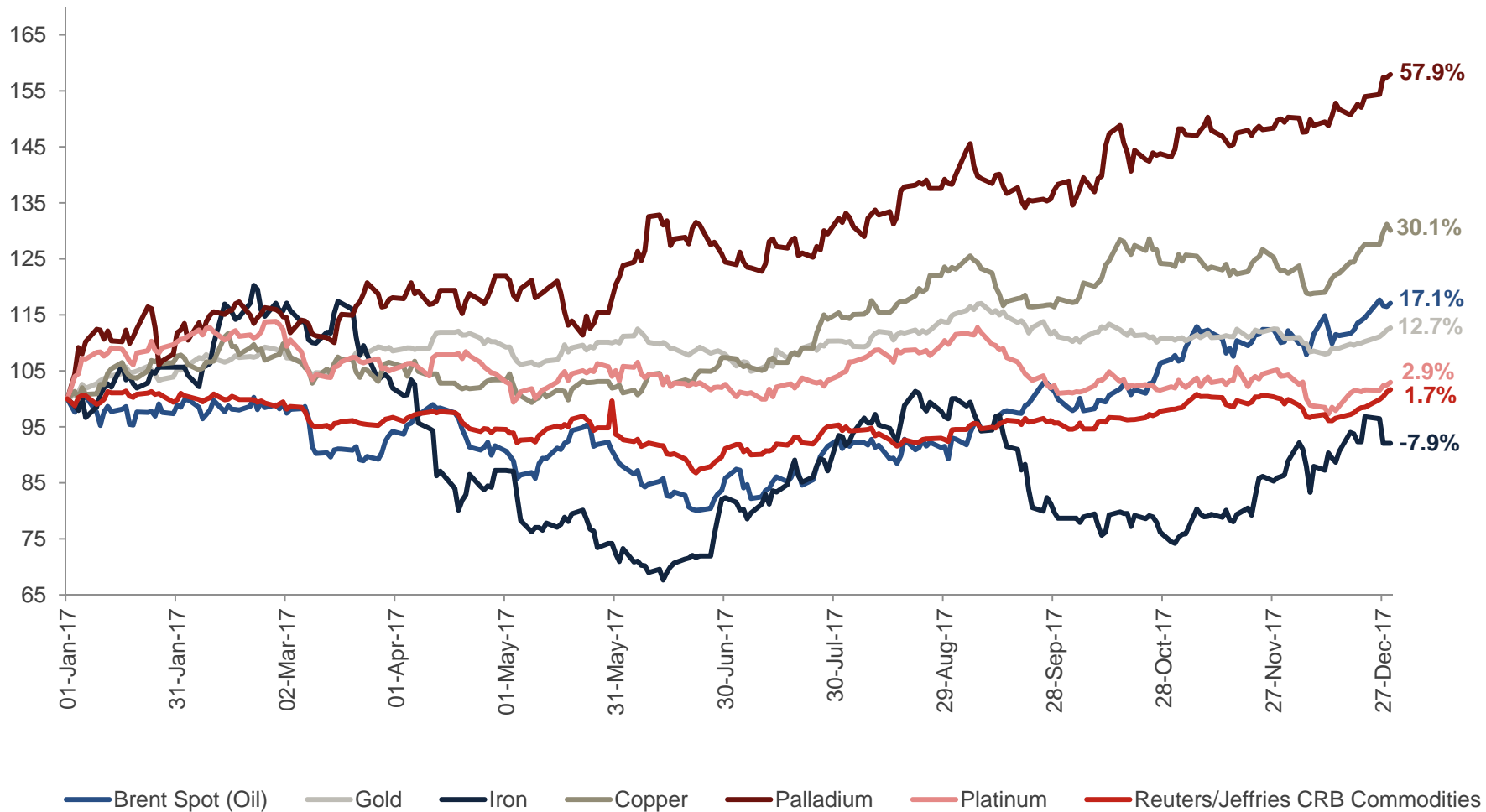
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



Commodities

One year to December 2017



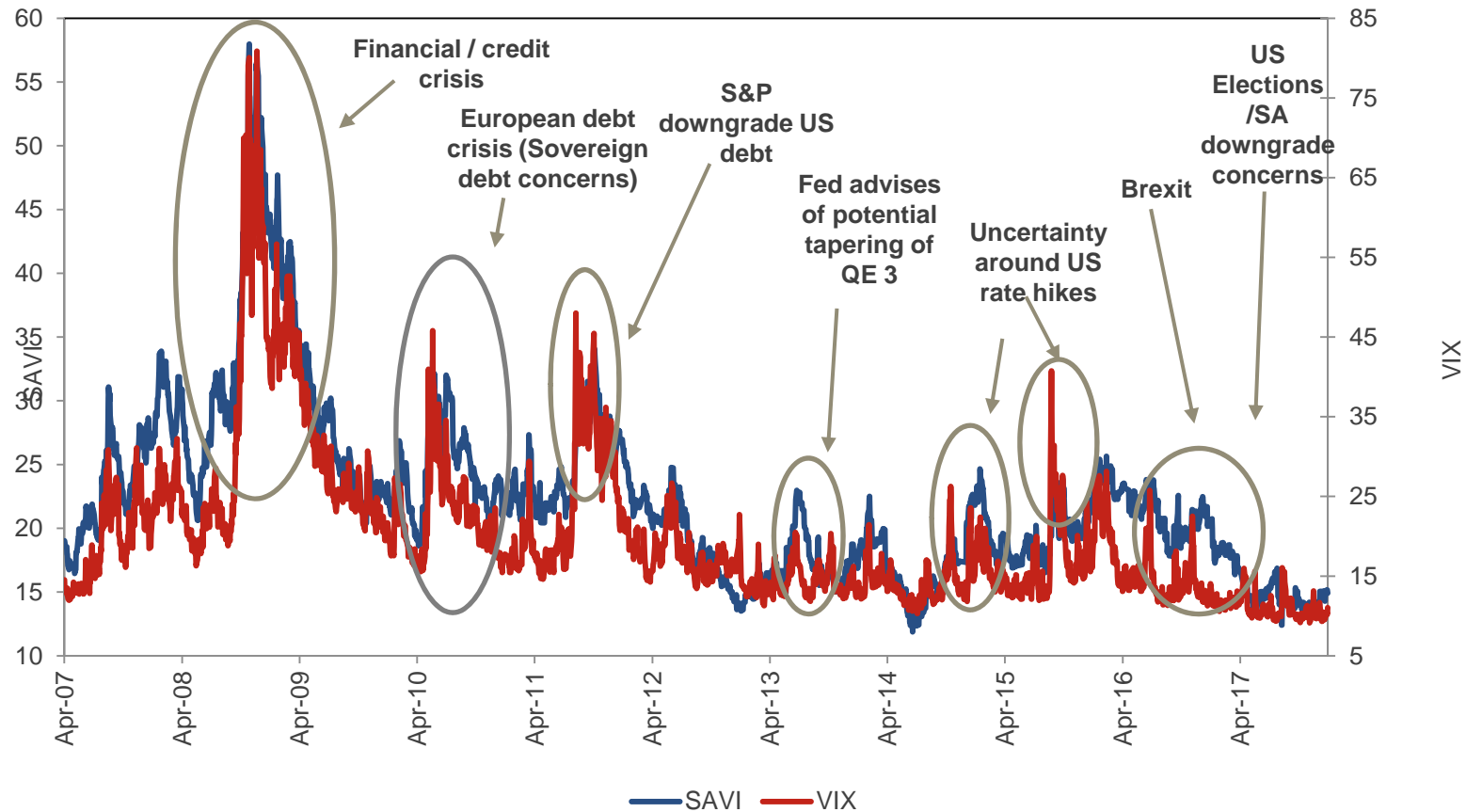
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



SAVI-VIX

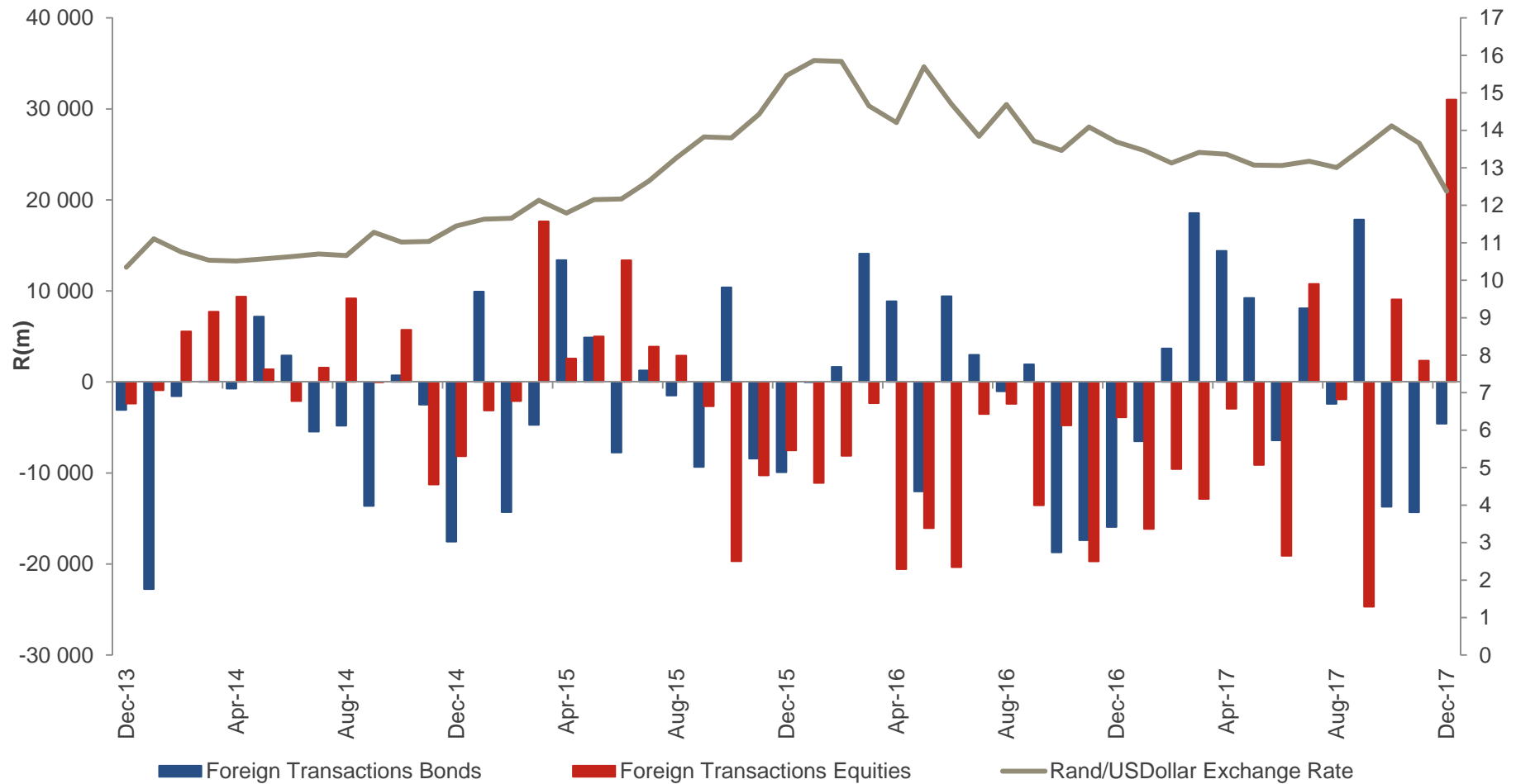
Since February 2007 to December 2017



Source: INET BFA and Momentum Investments

Foreign transactions

2013 to 2017

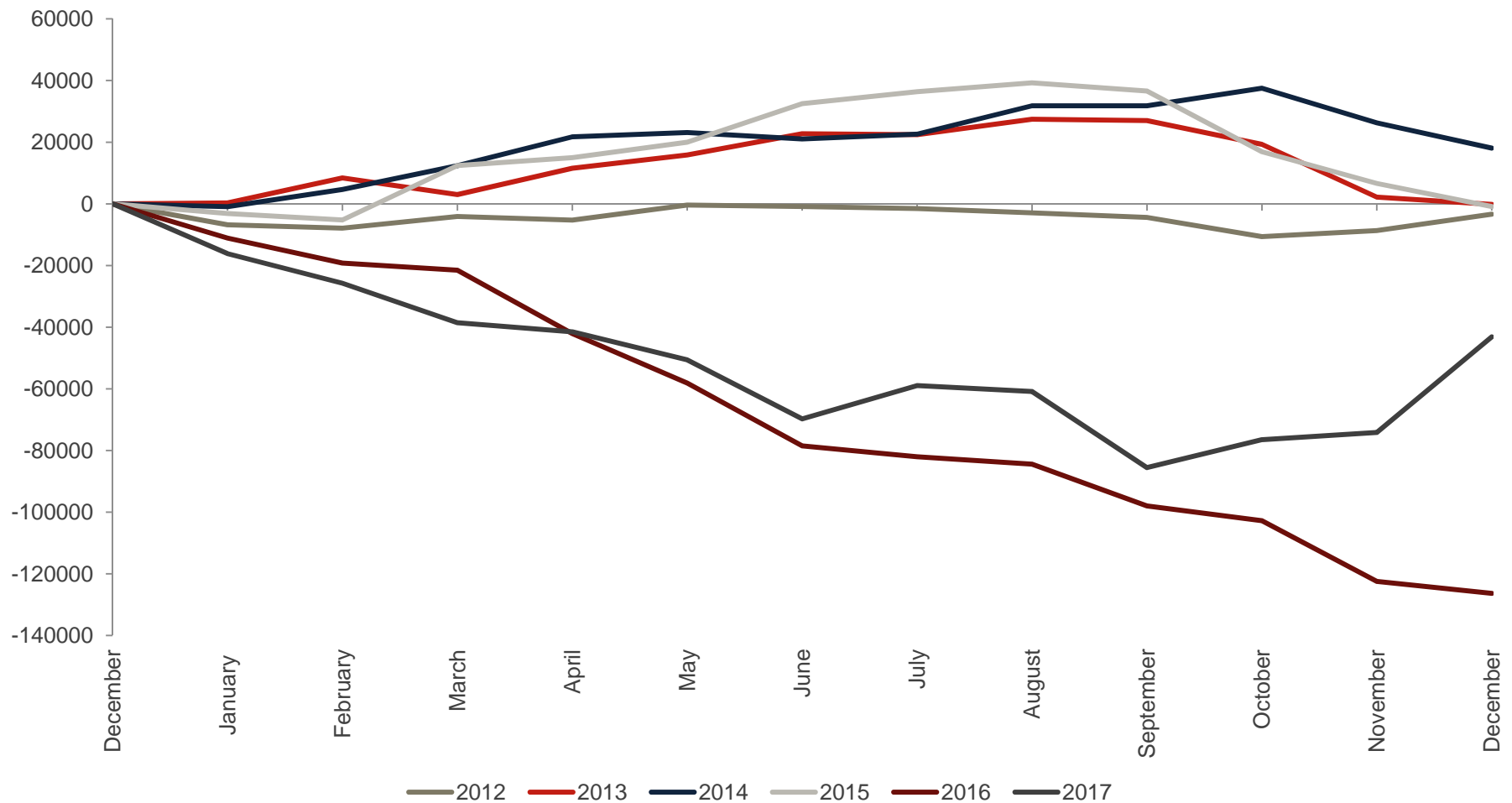


Source: INET BFA and Momentum Investments



Cumulative foreign transaction equities

2012 to 2017



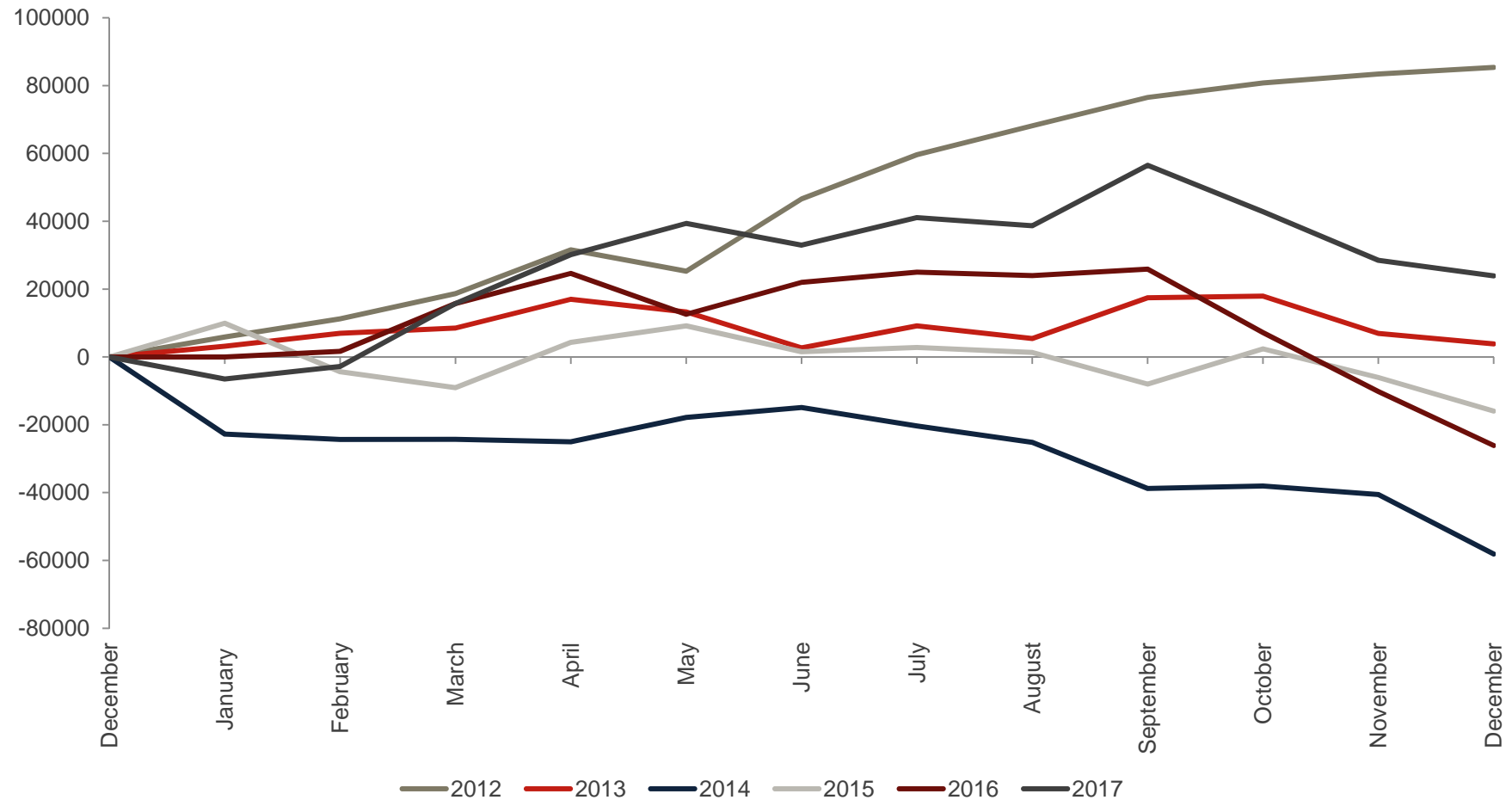
Source: INET BFA and Momentum Investments



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Cumulative foreign transaction bonds

2012 to 2017



Source: INET BFA and Momentum Investments



End of key market performance drivers monthly charts for December 2017



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Thank you

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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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