

Key market performance drivers
Monthly charts

January 2017



Market returns concentration

One-year returns ending:

January-17

	ANGLO	
	NASPERS	
	STANDARD BANK GP	
	BHPBILL	
Top 5	KUMBA IRON ORE	60%
Top 6	FIRSTRAND	62%
	TIGBRANDS	
	IMPALA PLATINUM HOLDINGS	
	ASPEN	
Top 10	SHOPRIT	71%
	SANLAM	
	CAPITEC	
	ASSORE	
	MTN GROUP	
	NEDBANK	
	GROWTHPOINT PROPS	
	REDEFINE PROPERTIES LTD	
	IMPERIAL	
	FOSCHINI GROUP (THE)	
Top 20	ARM	86%
Remaining	(Positive)	28%
Negative	(32 Shares)	-14%

December-16

	ANGLO	
	STANDARD BANK GP	
	FIRSTRAND	
	KUMBA IRON ORE	
Top 5	BHPBILL	65%
Top 6	BARWORLD	69%
	ASSORE	
	IMPALA PLATINUM HOLDINGS	
	SAPPI	
Top 10	TIGBRANDS	82%
	EXXARO	
	IMPERIAL	
	BARCLAYS AFRICA GROUP	
	SHOPRIT	
	NEDBANK	
	ANGLOGOLD ASHANTI LTD	
	GROWTHPOINT PROPS	
	ARM	
	REDEFINE PROPERTIES LTD	
Top 20	FOSCHINI GROUP (THE)	108%
Remaining	(Positive)	34%
Negative	(57 Shares)	-42%

November-16

	ANGLO	
	LONMIN	
	STANDARD BANK GP	
	BHPBILL	
Top 5	SHOPRIT	91%
Top 6	KUMBA IRON ORE	97%
	ANGLOGOLD ASHANTI LTD	
	FIRSTRAND	
	HARMONY	
Top 10	ASSORE	116%
	ARM	
	SAPPI	
	TIGBRANDS	
	EXXARO	
	NORTHAM	
	SIBANYE GOLD LTD	
	IMPALA PLATINUM HOLDINGS	
	BARWORLD	
	CLICKS GROUP LTD	
Top 20	ANGLO AMERICAN PLAT	142%
Remaining	(Positive)	31%
Negative	(57 Shares)	-73%

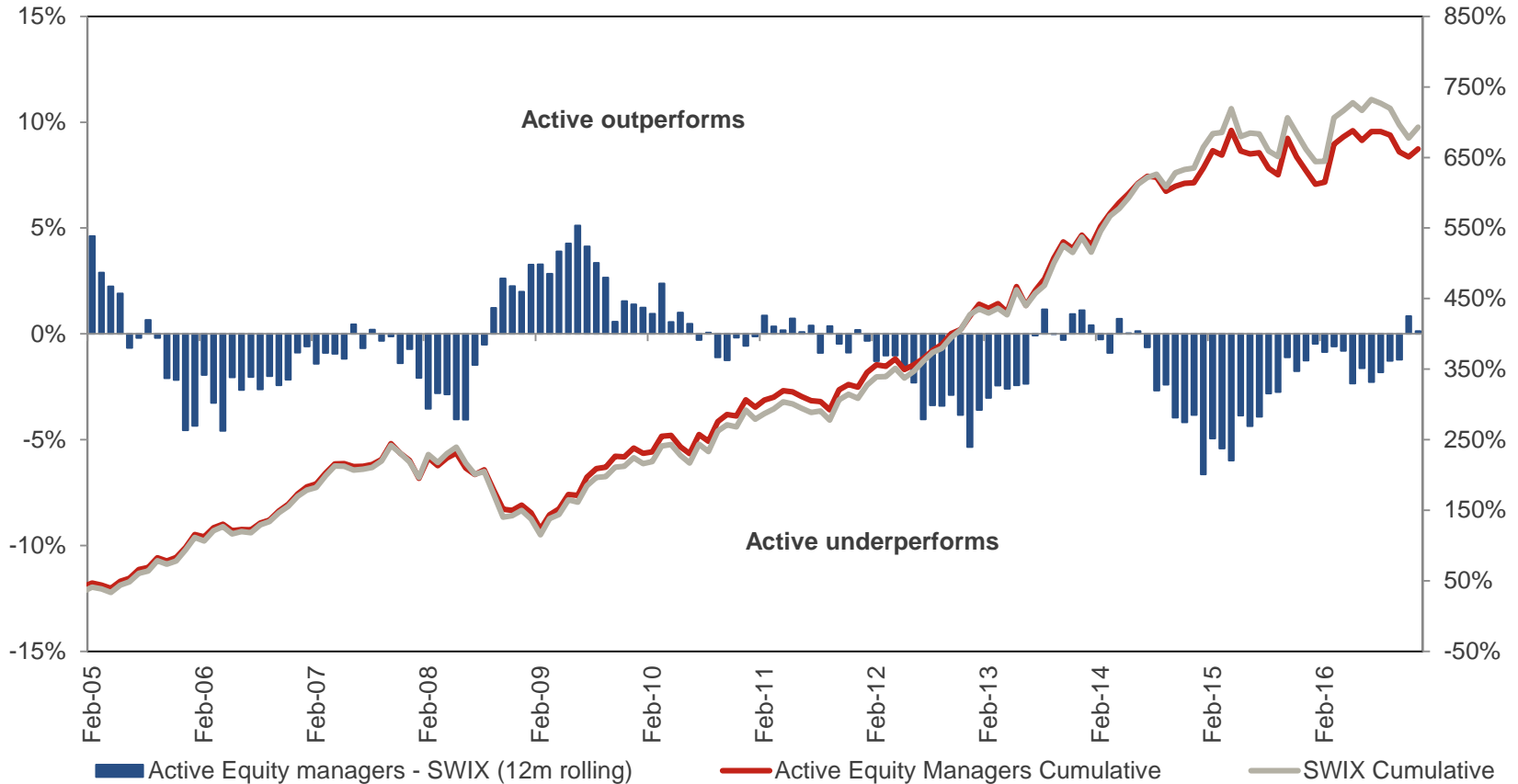
Market-cap weighted returns: 10 shares contributed 71% to the return of the SWIX, while 20 shares contributed 86%

Source: Barra, Deutsche Securities and Momentum Investments



Active-index analysis

One-year rolling active to December* 2016



Median of Active Equity Managers vs SWIX

The median of the active equity managers outperformed the SWIX for the year ended December 2016

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

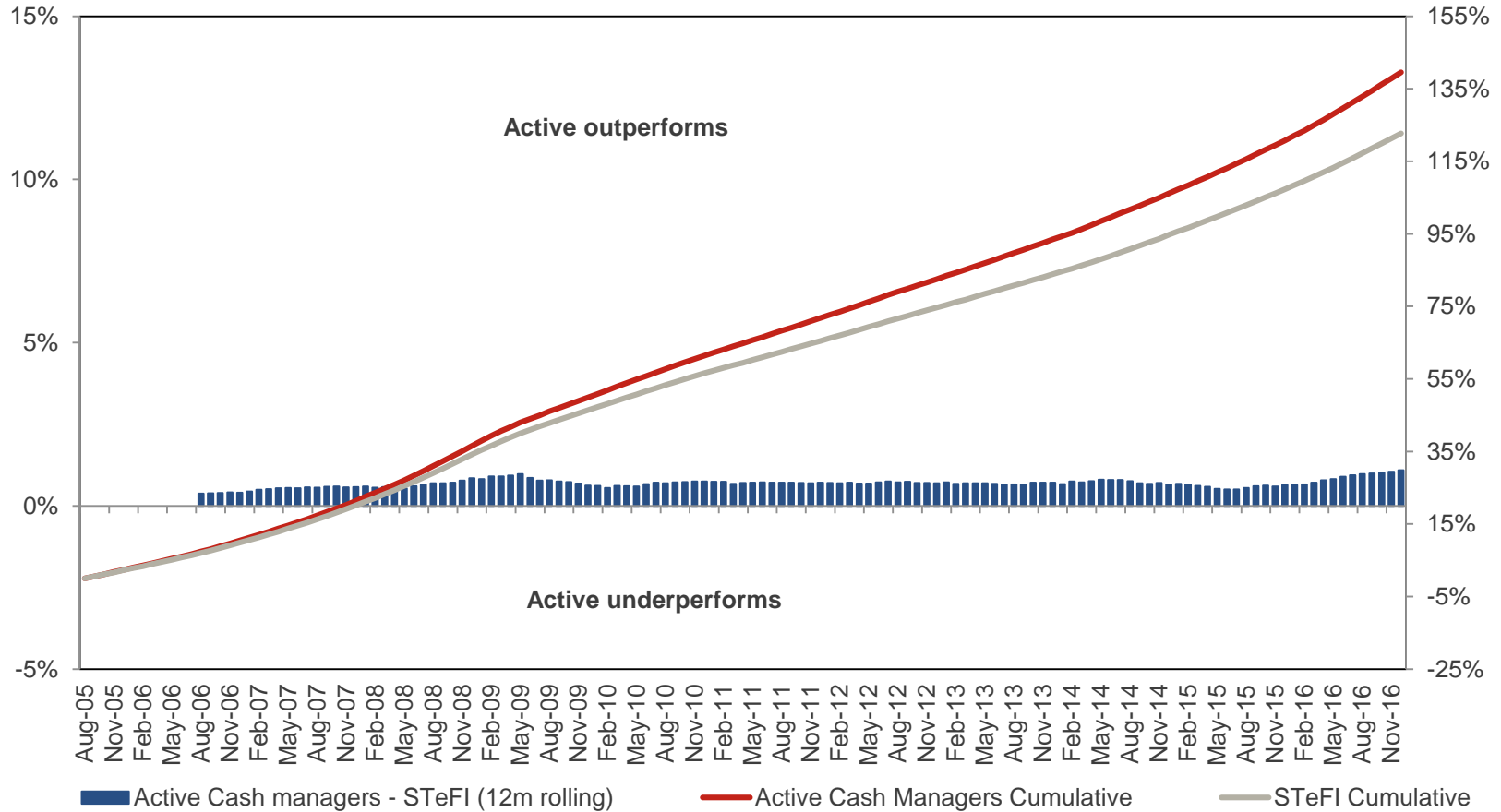
* Lagged by one month due to availability of data



investments

Active versus tracker: Cash

One-year rolling average to December* 2016



Median of Active Money Market Managers vs SteFI

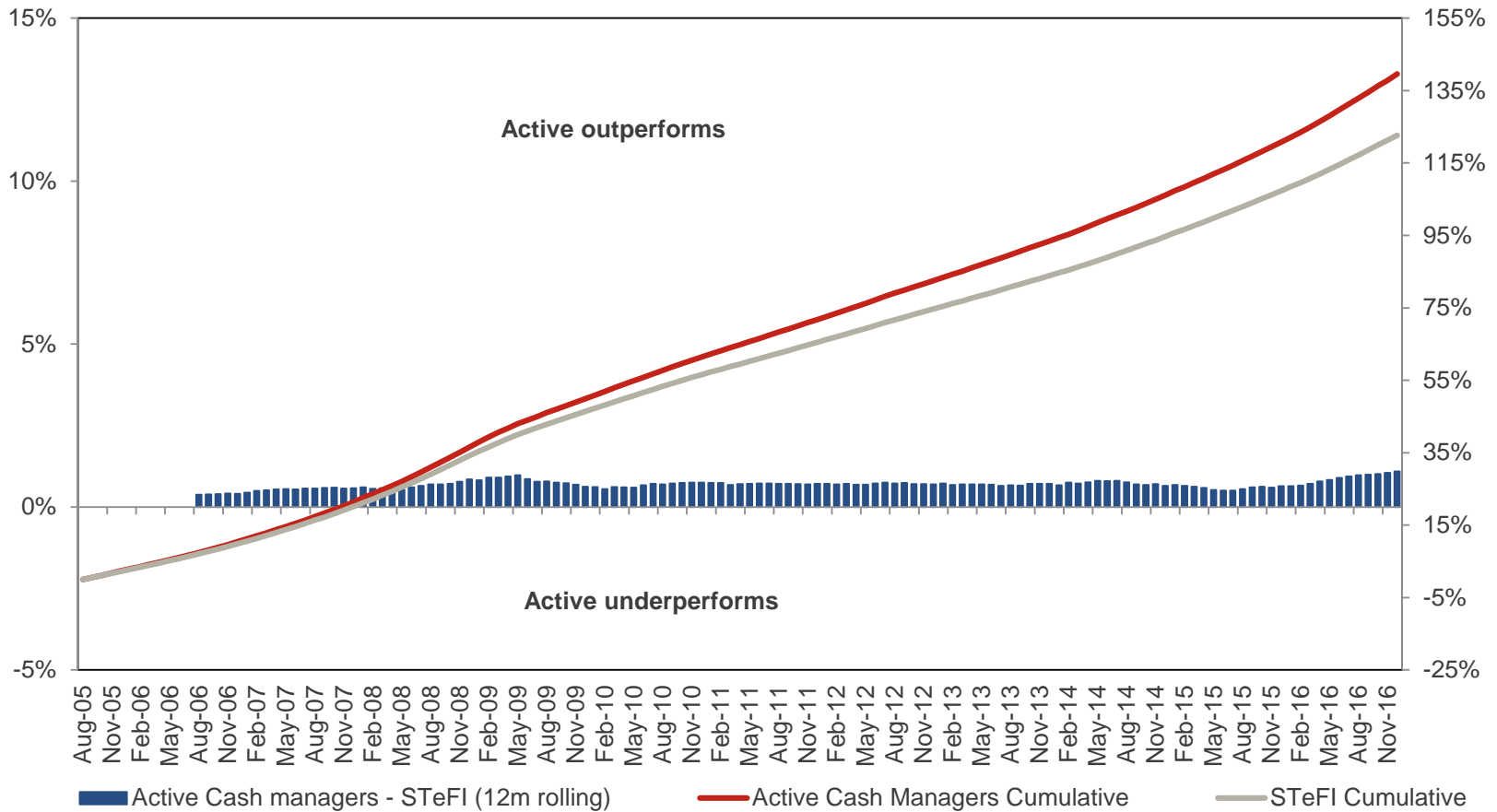
Source: Alexander Forbes SA Money Market Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data



Active versus tracker: Bonds

One-year rolling average to December* 2016



Median of Active Bond Managers vs ALBI

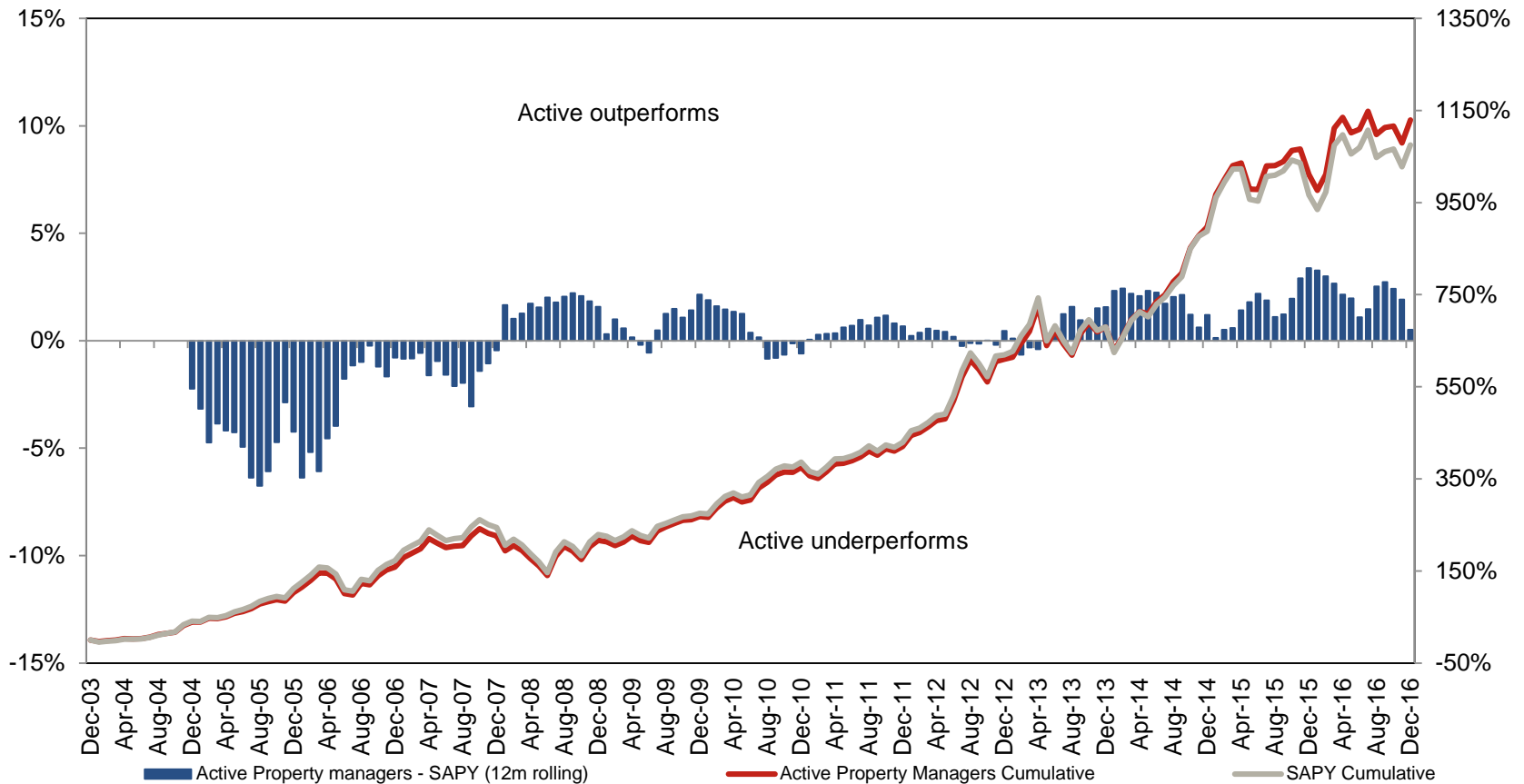
Source: Alexander Forbes SA Bond Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data



Active versus tracker: Property

One-year rolling average to December* 2016



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



Style returns for South Africa

Data to January 2017

ZAR	Styles	One month to January 2017	Three months to January 2017	One year to January 2017	Three years to January 2017	Five years to January 2017	Ten years to January 2017	Twenty years to January 2017
Value	Book to Price	0.95	2.20	10.15	-0.43	-2.37	-1.89	2.38
	Dividend Yield	3.44	5.76	14.74	3.92	-0.95	2.07	4.45
	Earnings Yield	-1.62	1.52	12.26	0.53	-0.36	-0.17	2.67
	Cash Flow Yield	1.43	5.24	22.31	2.79	1.86	-0.04	3.42
	Sales to Price	-0.40	2.36	12.60	-0.86	-2.31	-1.65	2.59
Quality	ROE	-1.14	-2.57	-6.97	-2.70	-0.91	0.48	-1.93
	ROIC LT	1.49	1.93	10.24	-0.97	0.05	0.03	-1.93
	Income to Sales	-1.48	-1.41	-3.53	-0.18	1.07	0.57	-0.90
	Low market beta	0.31	-2.17	-0.59	5.31	5.46	-1.30	1.46
	Low Debt/Equity	-1.32	-1.25	1.89	-1.97	-0.54	-2.21	-1.25
	EBIT Margin Stability	0.06	-2.84	-4.38	4.01	5.00	5.11	-0.46
Growth	Earnings Growth	-0.25	1.38	-0.56	1.06	0.26	-1.00	-1.31
	Sales Growth	-1.05	2.80	-3.30	-1.18	1.70	1.49	0.07
	12M Earning Growth	3.38	-1.73	-7.07	-1.59	-4.37	0.96	5.54
Momentum	FY1 Earnings Revisions	1.88	1.97	-3.71	5.74	4.81	9.71	8.12
	Short Term Momentum	-1.24	0.12	-0.58	4.41	3.34	1.04	-1.24
	Medium Term Momentum	-1.82	-3.16	-14.18	3.54	6.74	4.78	6.69
Size	Size	-0.10	-2.58	-11.03	-2.18	-2.58	0.06	-0.72

Some Value and Growth factors had strong returns for the shorter term.

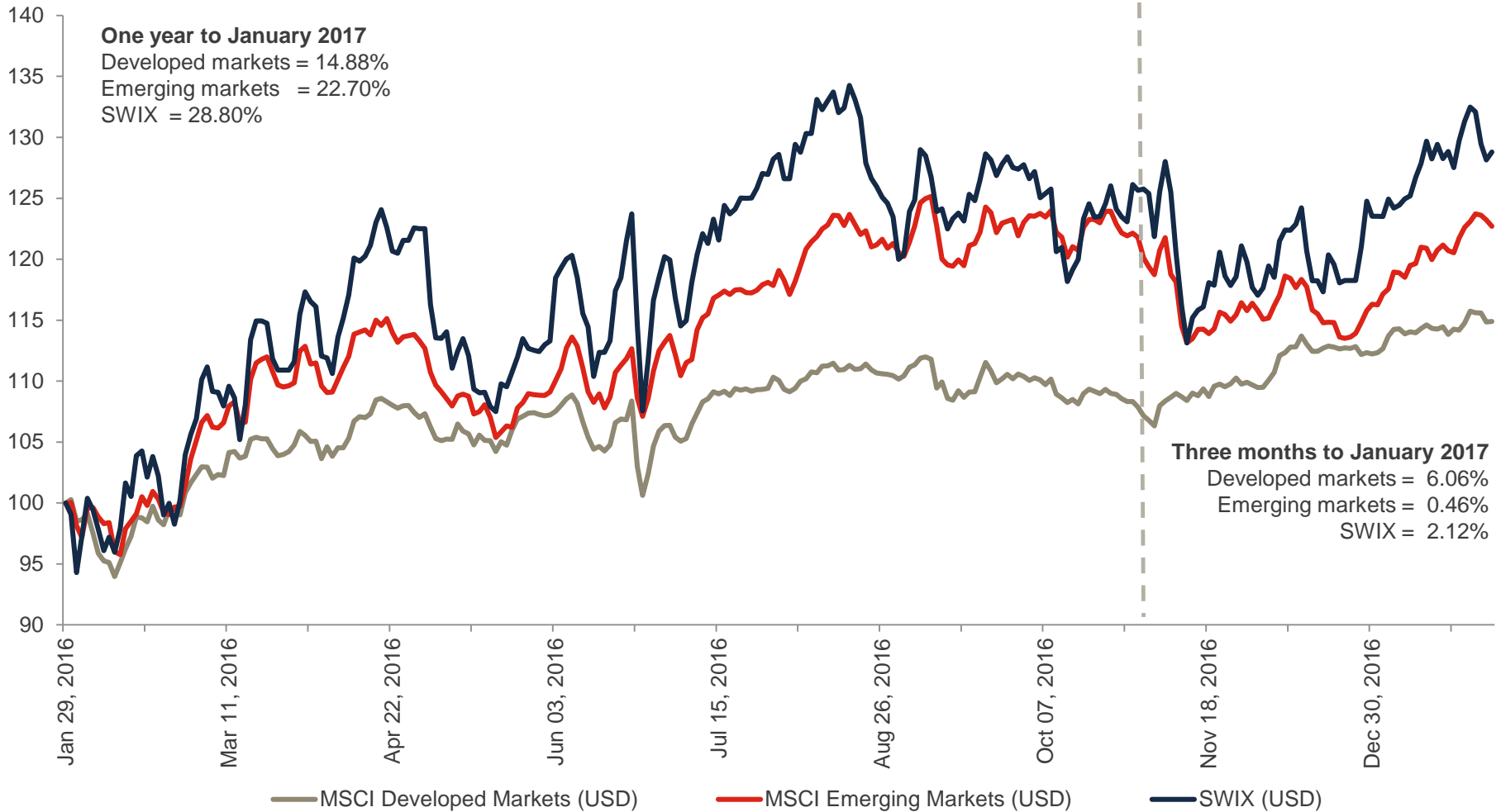
Overall, the various Momentum factors are strong in the longer term, especially FY1 Earnings Revisions and Medium Term Momentum.

Source: FactSet, Momentum Global Investment Management and Momentum Investments



MSCI developed and emerging markets

One year to January 2017



Source: INET BFA, MSCI and Momentum Investments



investments

SA 10-year bond yields

Five years to January 2017



SA 10-year bond yields decreased by 7 bps for January 2017

Source: INET BFA and Momentum Investments



investments

Yield of R197 (inflation-linked bond)

Since May 2001 to January 2017



Inflation-linked bond yields were marginally lower for January 2017

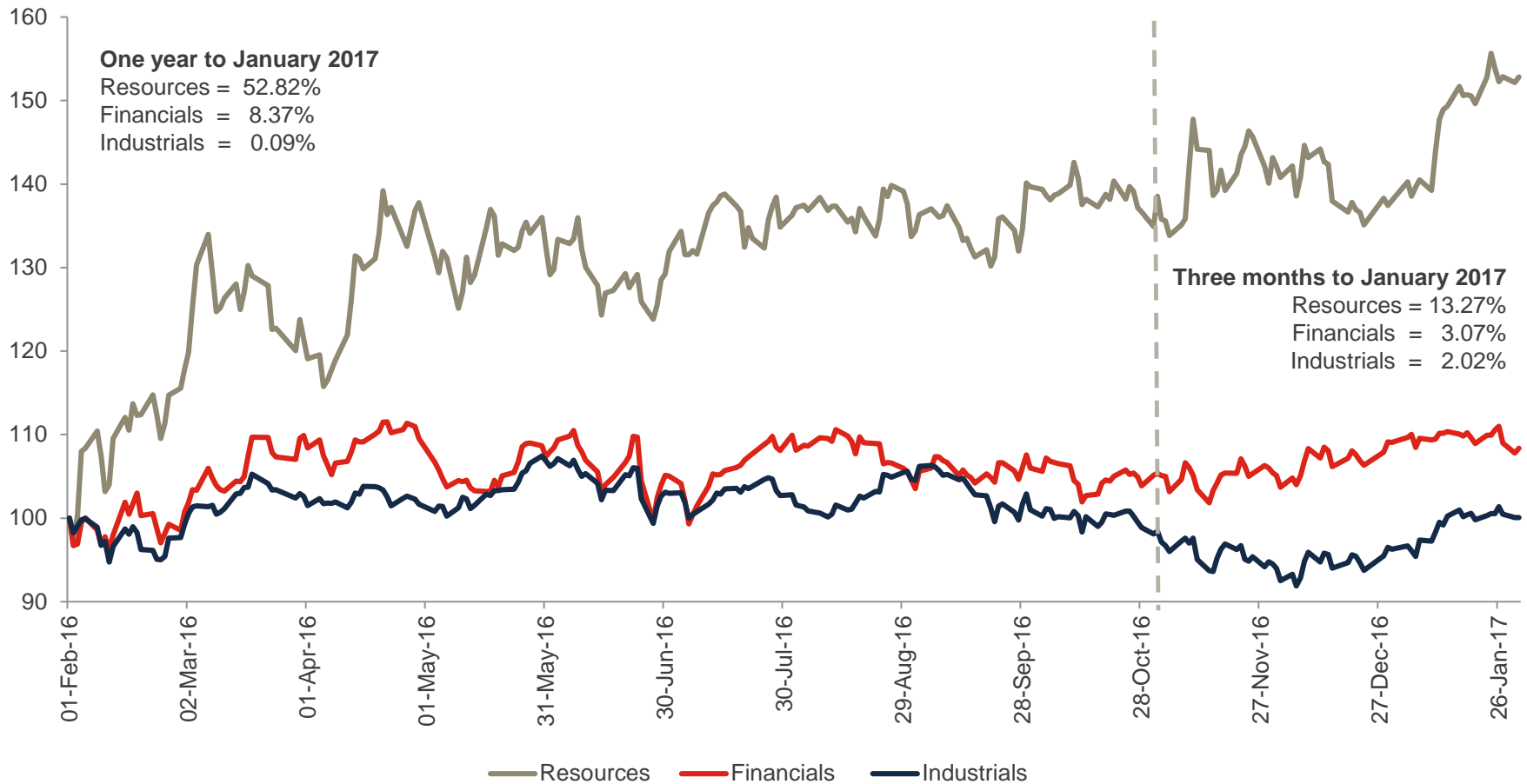
Source: INET BFA and Momentum Investments



investments

FTSE/JSE sectors

One year to January 2017



While all sectors had positive returns for the last three-month and one-year period, the FTSE/JSE Resources continued to dominate with double-digit returns

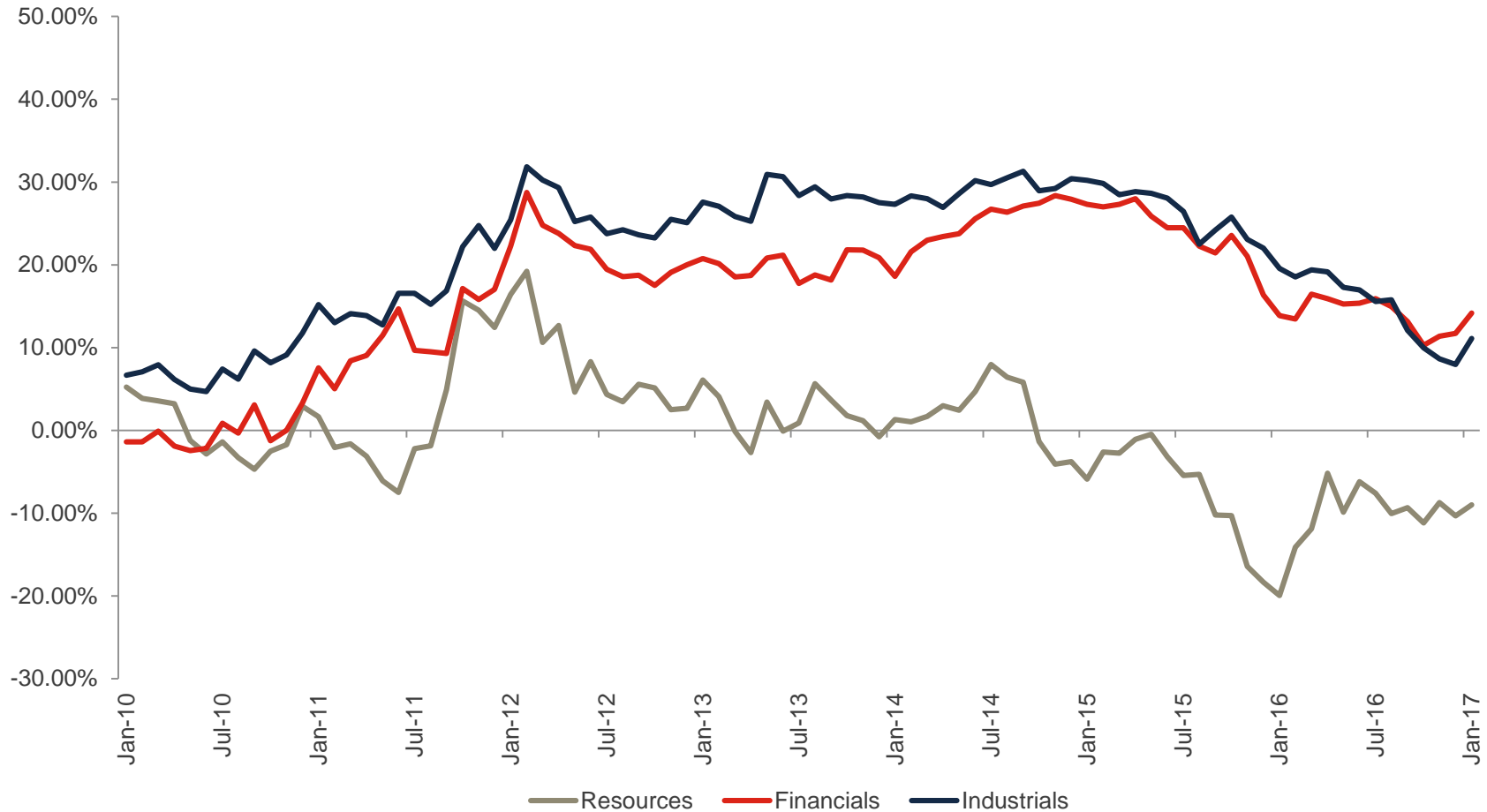
Source: INET BFA and Momentum Investments



investments

FTSE/JSE sectors

Rolling three-year return to January 2017



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

Source: INET BFA and Momentum Investments

Returns are annualised



investments

FTSE/JSE sectors

Decomposed (three months to January 2017)

Three months to Jan 2017

1	Industrial Metals	Basic Materials	25.7%	19	Life Insurance	Financials	3.4%
2	General Mining	Mining	22.4%	20	Real Estate Investment Trusts	Financials	3.0%
3	Personal Goods	Consumer Goods	20.9%	21	Banks	Financials	2.9%
4	Fixed Line Telecommunications	Telecommunication	20.6%	22	Industrial Transportation	Industrials	2.5%
5	Automobiles & Parts	Consumer Goods	15.8%	23	Equity Investment Instruments	Financials	1.9%
6	Forestry & Paper	Basic Materials	13.9%	24	General Industrials	Industrials	1.6%
7	Electronic & Electrical Equipment	Industrials	11.9%	25	Software & Computer Services	Technology	1.0%
8	Industrial Engineering	Industrials	10.1%	26	Platinum Mining	Mining	-0.7%
9	Construction & Materials	Industrials	8.1%	27	Non-life Insurance	Financials	-0.8%
10	Coal Mining	Mining	7.2%	28	Real Estate Investment & Services	Financials	-2.9%
11	Mobile Telecommunications	Telecommunication	7.1%	29	Food & Drug Retailers	Consumer Services	-3.8%
12	General Financial	Financials	6.9%	30	Travel & Leisure	Consumer Services	-4.9%
13	Chemicals	Basic Materials	6.6%	31	Media	Consumer Services	-5.4%
14	Tobacco	Consumer Goods	6.1%	32	Health Care Equipment & Services	Health Care	-6.2%
15	Food Producers	Consumer Goods	5.2%	33	Beverages	Consumer Goods	-6.8%
16	General Retailers	Consumer Services	4.0%	34	Household Goods	Consumer Goods	-8.5%
17	Pharmaceuticals & Biotechnology	Health Care	4.0%	35	Gold Mining	Mining	-11.9%
18	Support Services	Industrials	3.6%				

Key

Resources

Financials

Industrials

Source: Barra, Deutsche Securities and Momentum Investments



investments

FTSE/JSE sectors

Decomposed (one year to January 2017)

One year to Jan 2017

1	Industrial Metals	Basic Materials	392.7%	19	Media	Consumer Services	7.3%
2	General Mining	Mining	107.7%	20	Gold Mining	Mining	6.7%
3	Coal Mining	Mining	79.1%	21	Electronic & Electrical Equipment	Industrials	6.4%
4	Platinum Mining	Mining	57.4%	22	Personal Goods	Consumer Goods	5.1%
5	Non-life Insurance	Financials	44.6%	23	Life Insurance	Financials	2.9%
6	Food Producers	Consumer Goods	35.8%	24	Chemicals	Basic Materials	2.3%
7	Industrial Engineering	Industrials	33.6%	25	General Retailers	Consumer Services	1.3%
8	Banks	Financials	26.8%	26	Mobile Telecommunications	Telecommunication	0.0%
9	Construction & Materials	Industrials	26.7%	27	Support Services	Industrials	-1.1%
10	Industrial Transportation	Industrials	24.3%	28	Tobacco	Consumer Goods	-2.8%
11	Fixed Line Telecommunications	Telecommunication	22.3%	29	Equity Investment Instruments	Financials	-3.0%
12	Travel & Leisure	Consumer Services	19.5%	30	Automobiles & Parts	Consumer Goods	-3.3%
13	Forestry & Paper	Basic Materials	19.2%	31	General Financial	Financials	-5.9%
14	Software & Computer Services	Technology	18.6%	32	Household Goods	Consumer Goods	-12.7%
15	Pharmaceuticals & Biotechnology	Health Care	16.4%	33	Health Care Equipment & Services	Health Care	-13.0%
16	General Industrials	Industrials	15.1%	34	Real Estate Investment & Services	Financials	-14.8%
17	Real Estate Investment Trusts	Financials	9.3%	35	Beverages	Consumer Goods	-21.3%
18	Food & Drug Retailers	Consumer Services	8.9%				

Key
 Resources
 Financials
 Industrials

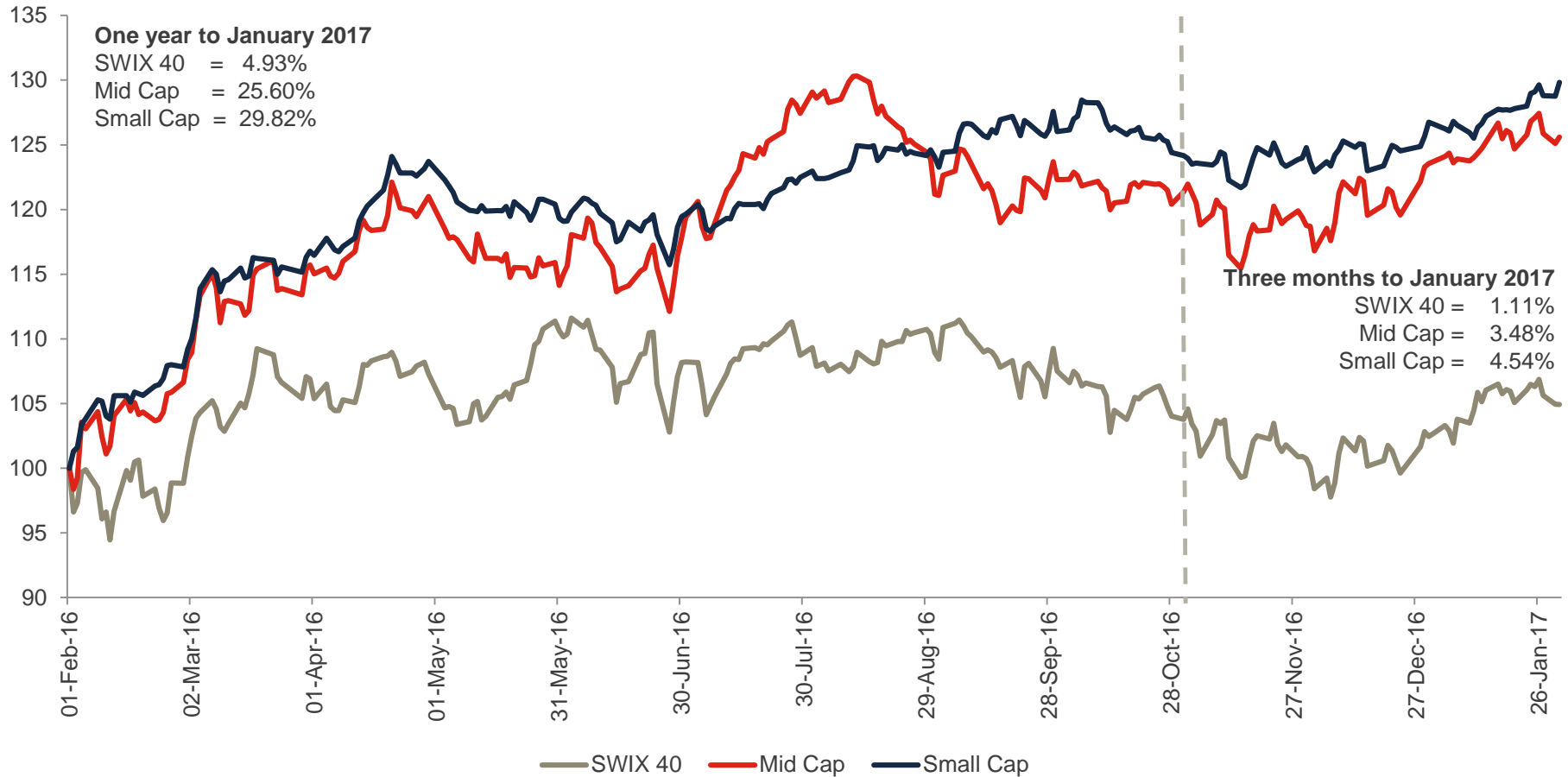


investments

Source: Barra, Deutsche Securities and Momentum Investments

FTSE/JSE market caps

One year to January 2017



The FTSE/JSE Mid Cap and Small Cap Indices had positive double-digit returns for the one-year period, while the SWIX 40 returns were relatively flat albeit positive for the same period

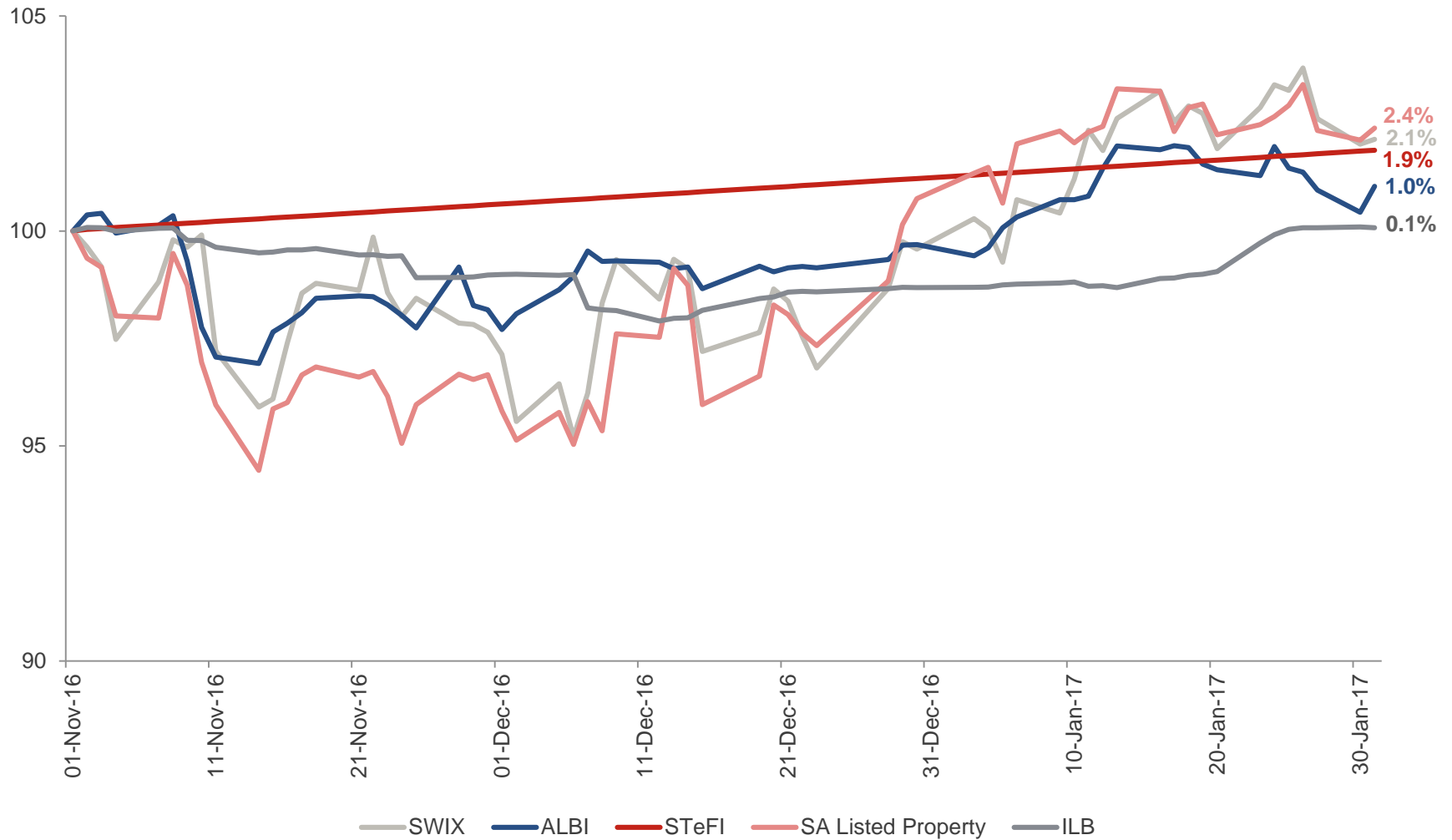
Source: INET BFA and Momentum Investments



investments

Local asset classes

Three months to January 2017



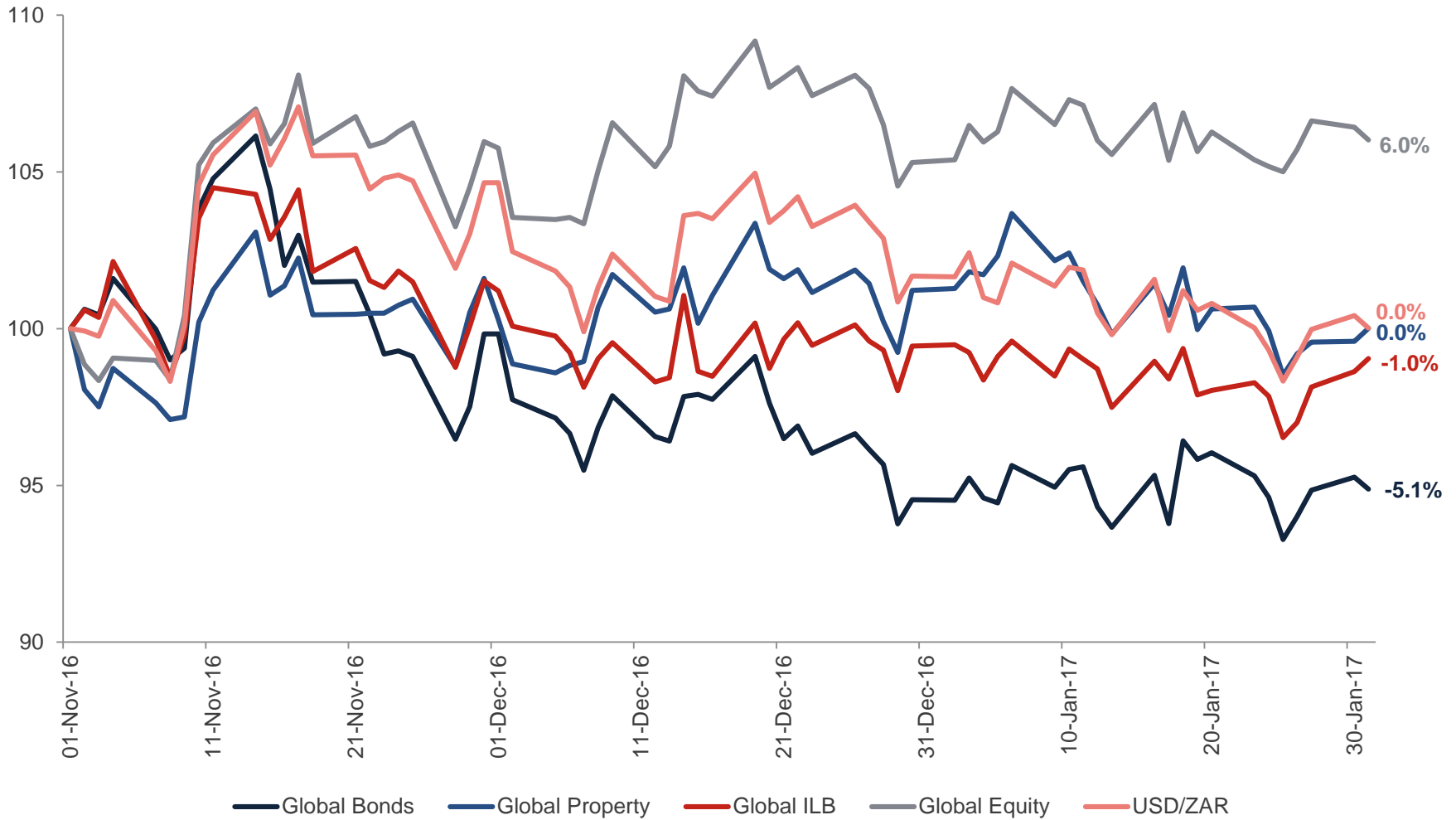
Source: INET BFA and Momentum Investments



investments

Global asset classes

Three months to January 2017



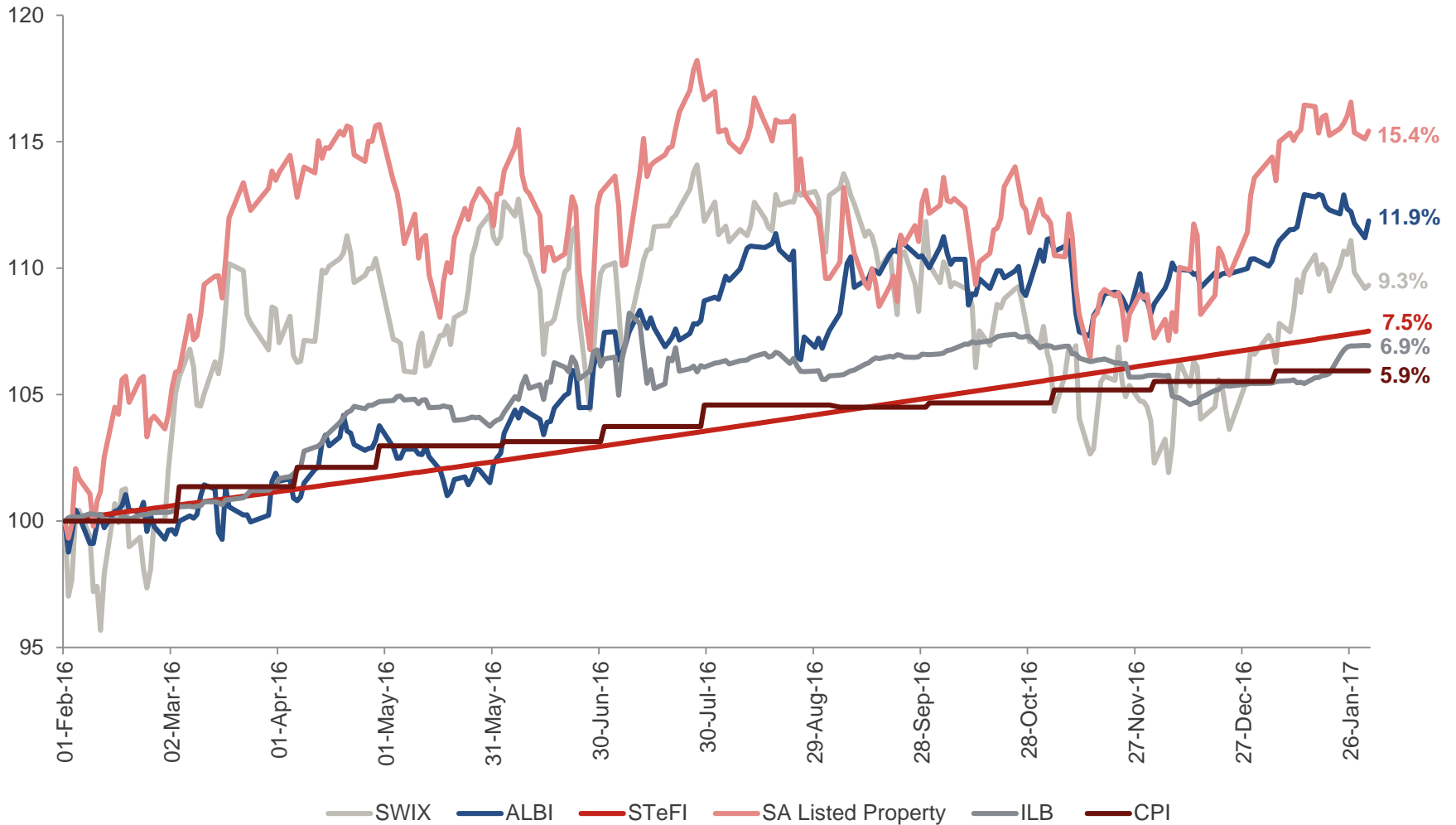
Source: INET BFA and Momentum Investments



investments

Local asset classes

One year to January 2017



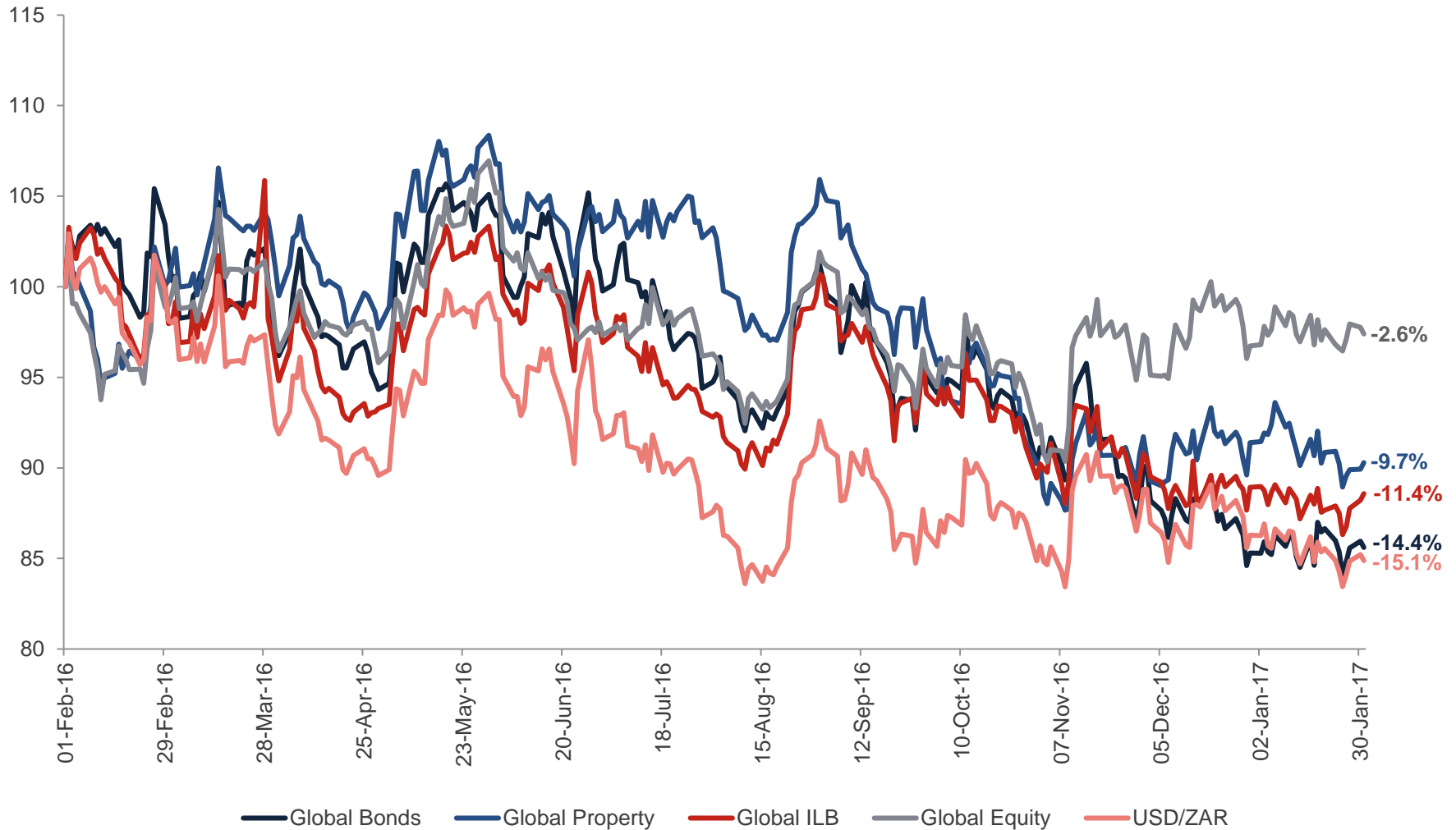
Source: INET BFA and Momentum Investments

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



Global asset classes

One year to January 2017



Source: INET BFA and Momentum Investments

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



Local asset classes

Five years to January 2017



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%).

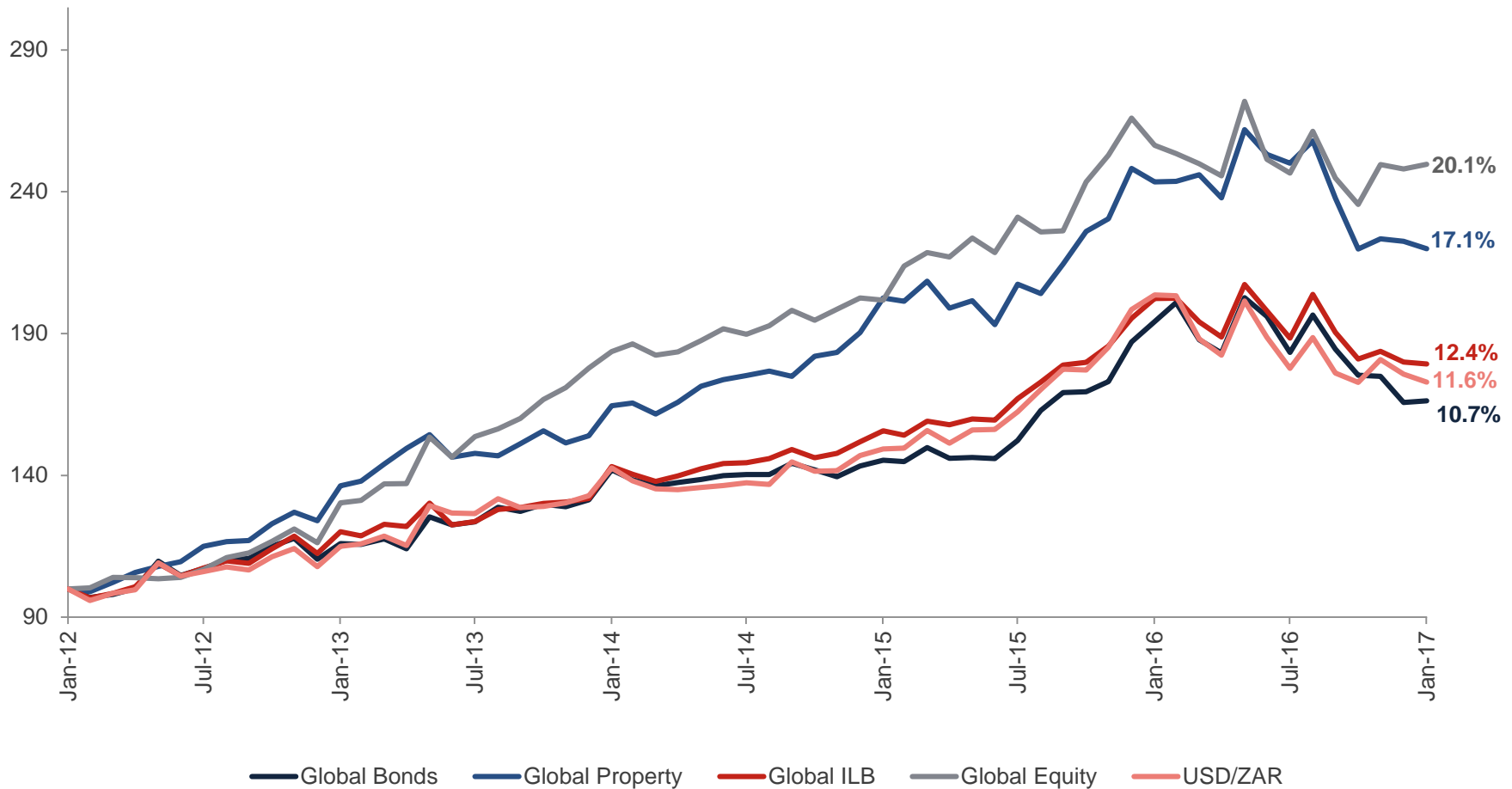
Source: INET BFA and Momentum Investments

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



Global asset classes

Five years to January 2017



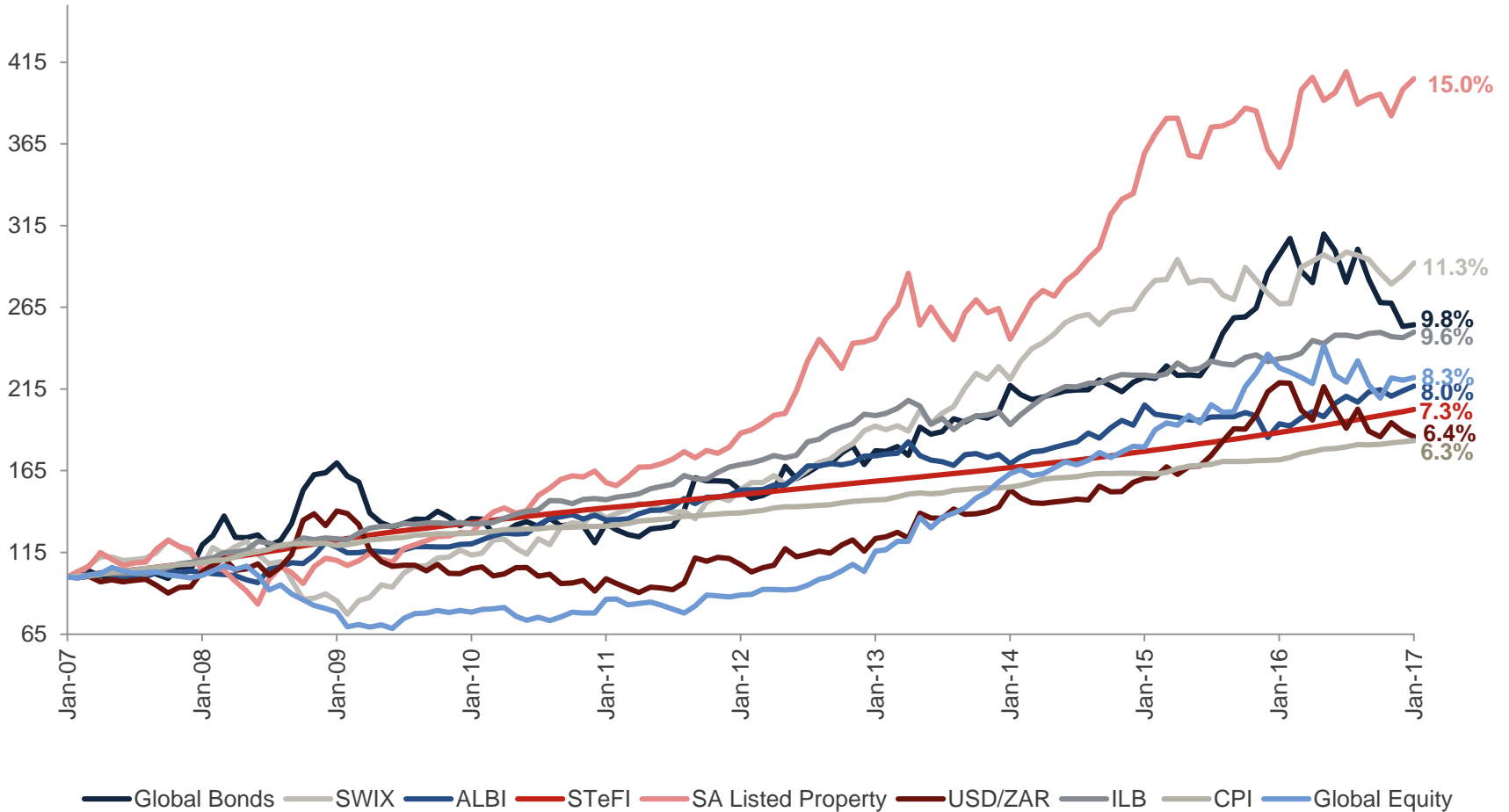
Global equity had the best return for the five-year period, with 20.1%, followed by global property with 17.1%

Source: INET BFA and Momentum Investments



Asset classes

Ten years to January 2017



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

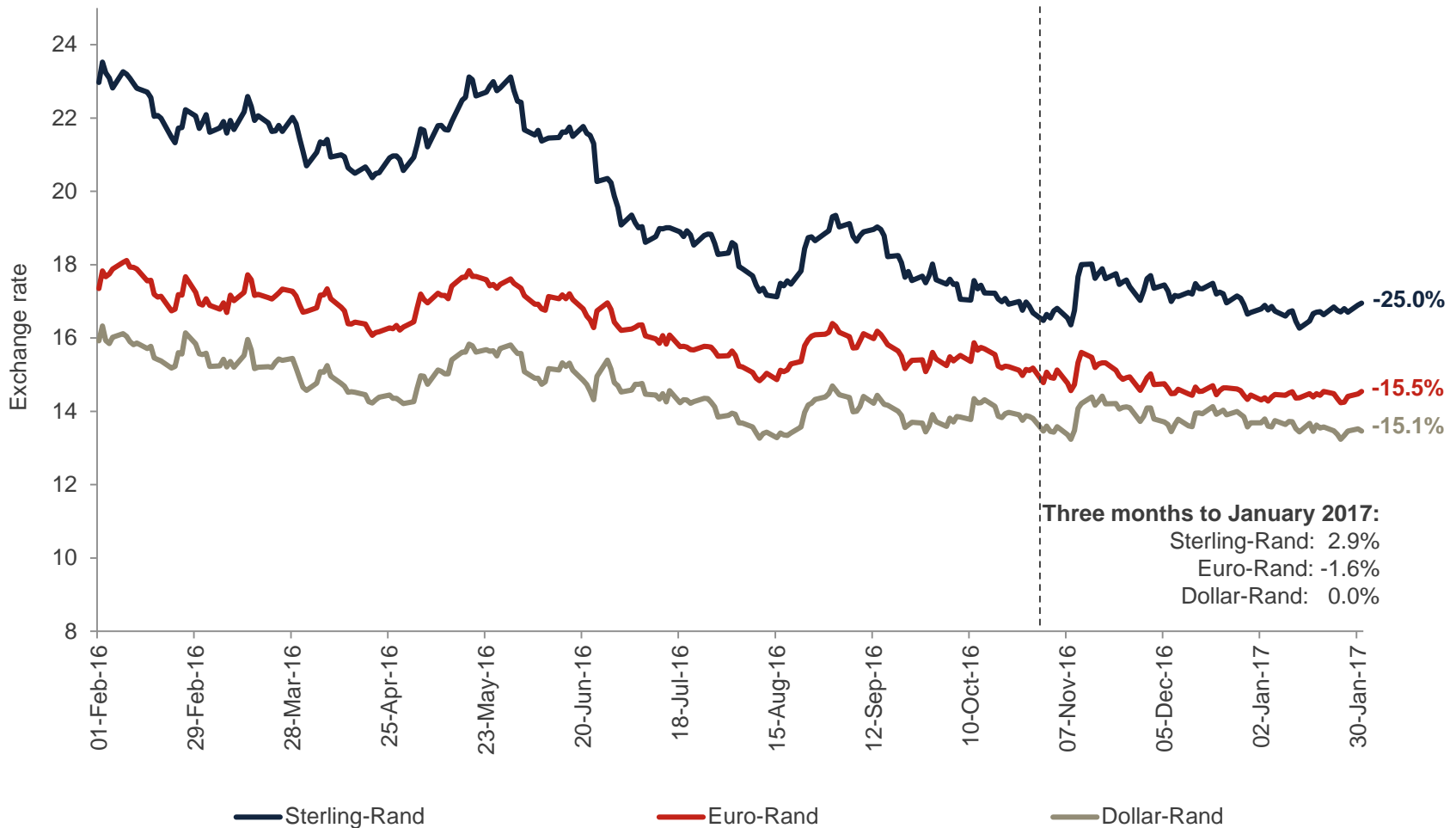
Source: INET BFA and Momentum Investments

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



Exchange rates

One year to January 2017



The rand appreciated against all currencies for the one-year period

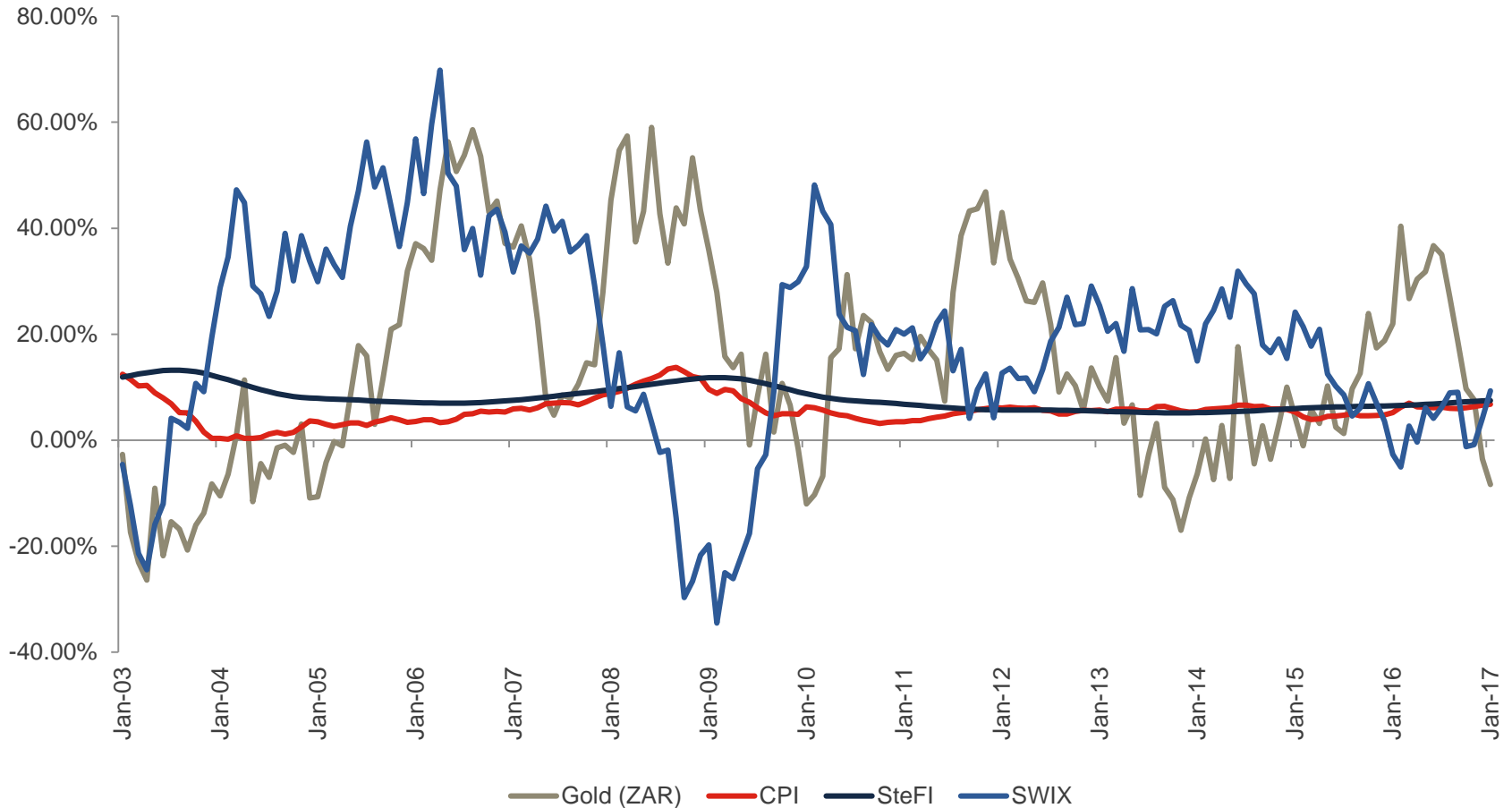
Source: INET BFA and Momentum Investments



investments

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

One-year rolling returns to January 2017



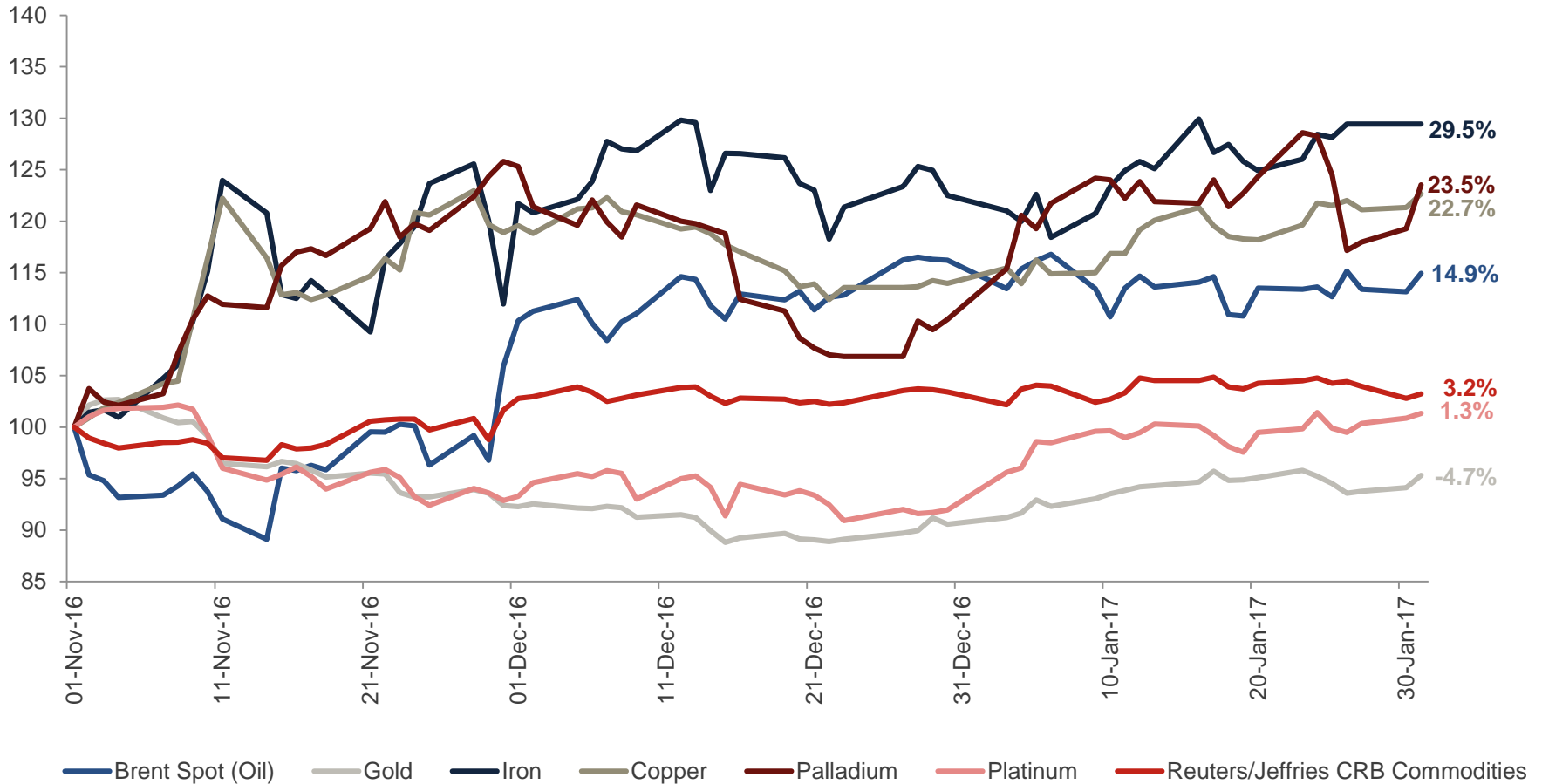
Returns from the equities for the one-year rolling period are showing their diversification benefits compared with gold price in rand

Source: INET BFA and Momentum Investments

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

Commodities

Three months to January 2017



Iron ore, Copper and Palladium were the best-performing commodities for the last three months

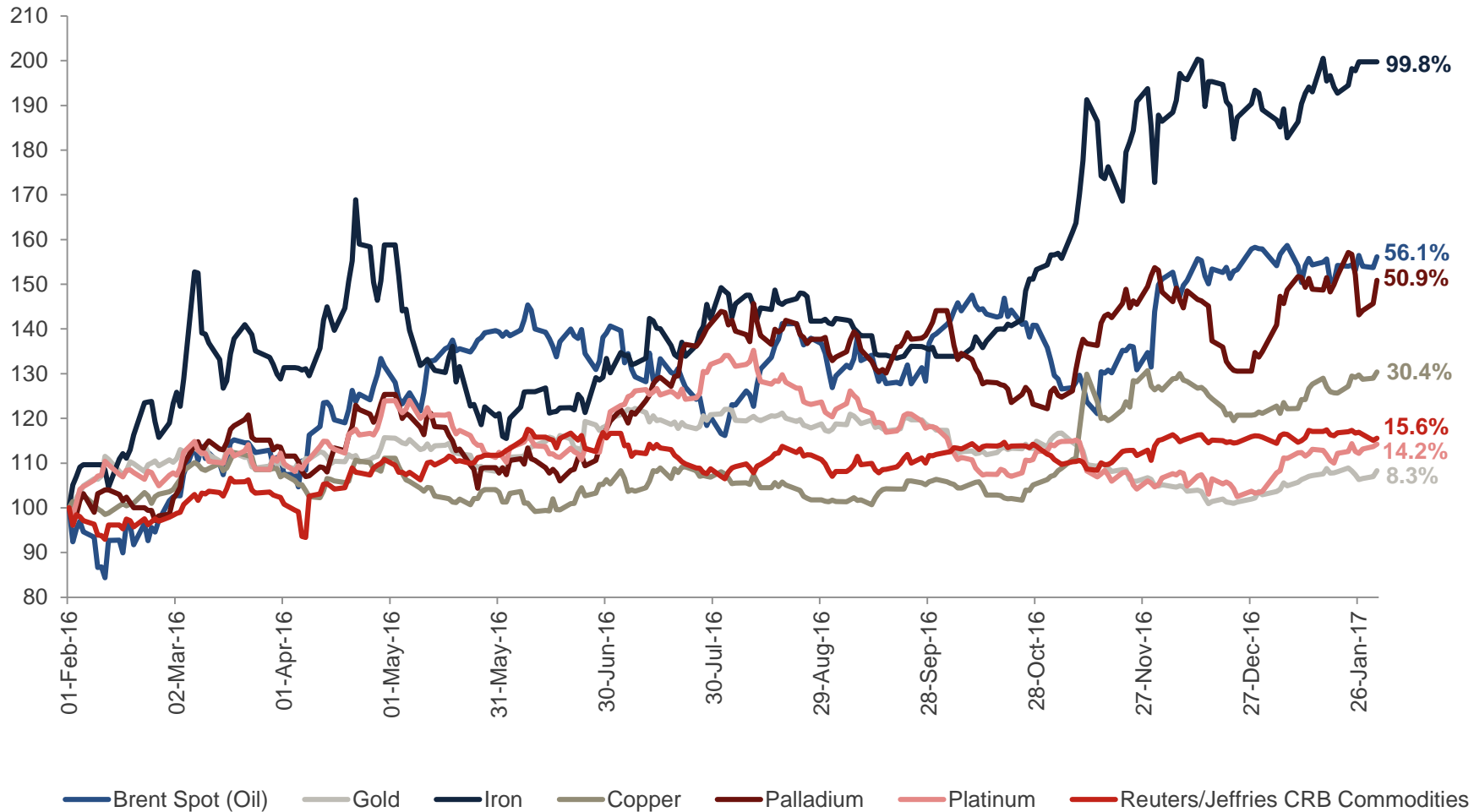
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



Commodities

One year to January 2017



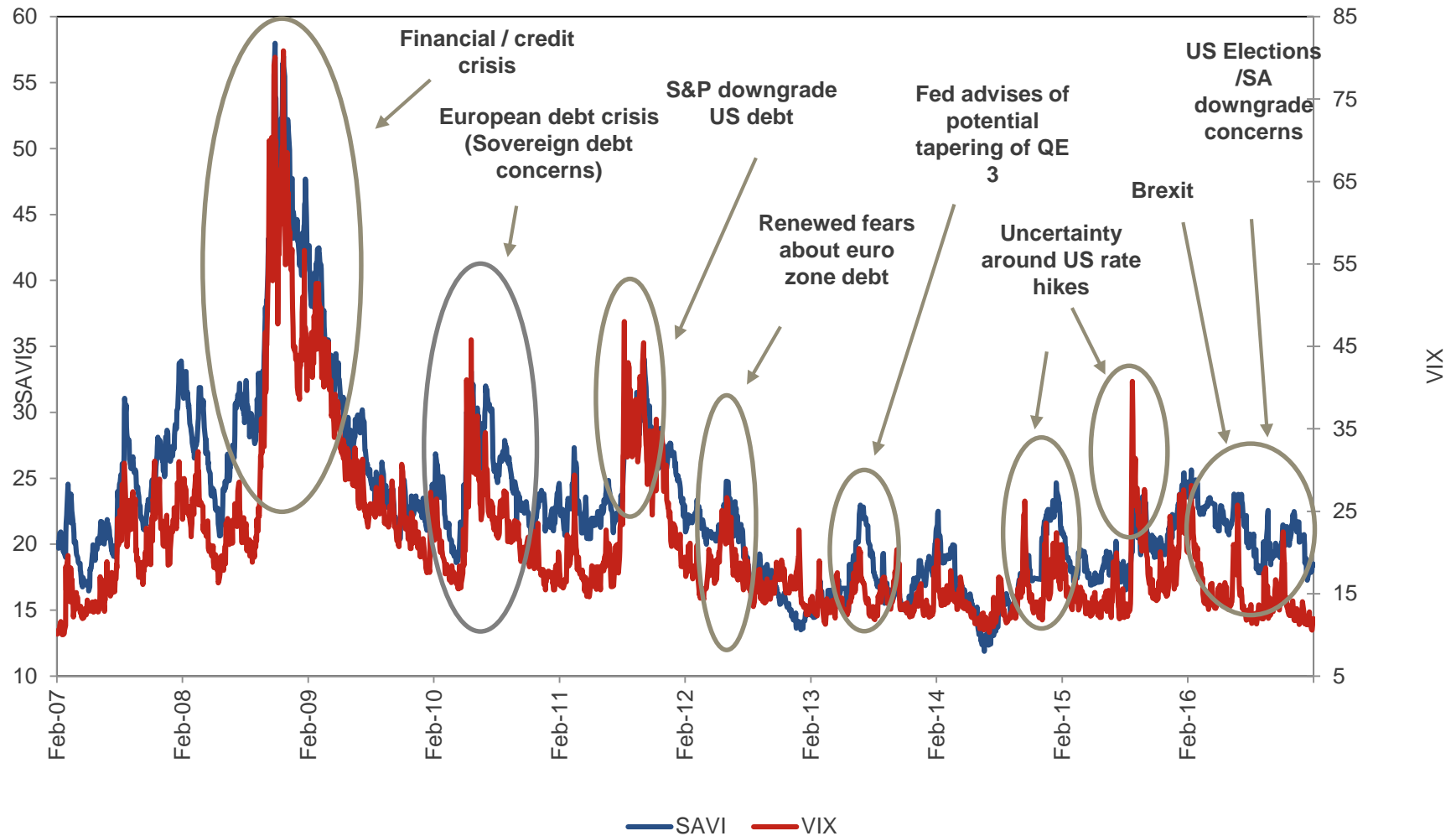
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



SAVI-VIX

Since February 2007 to January 2017



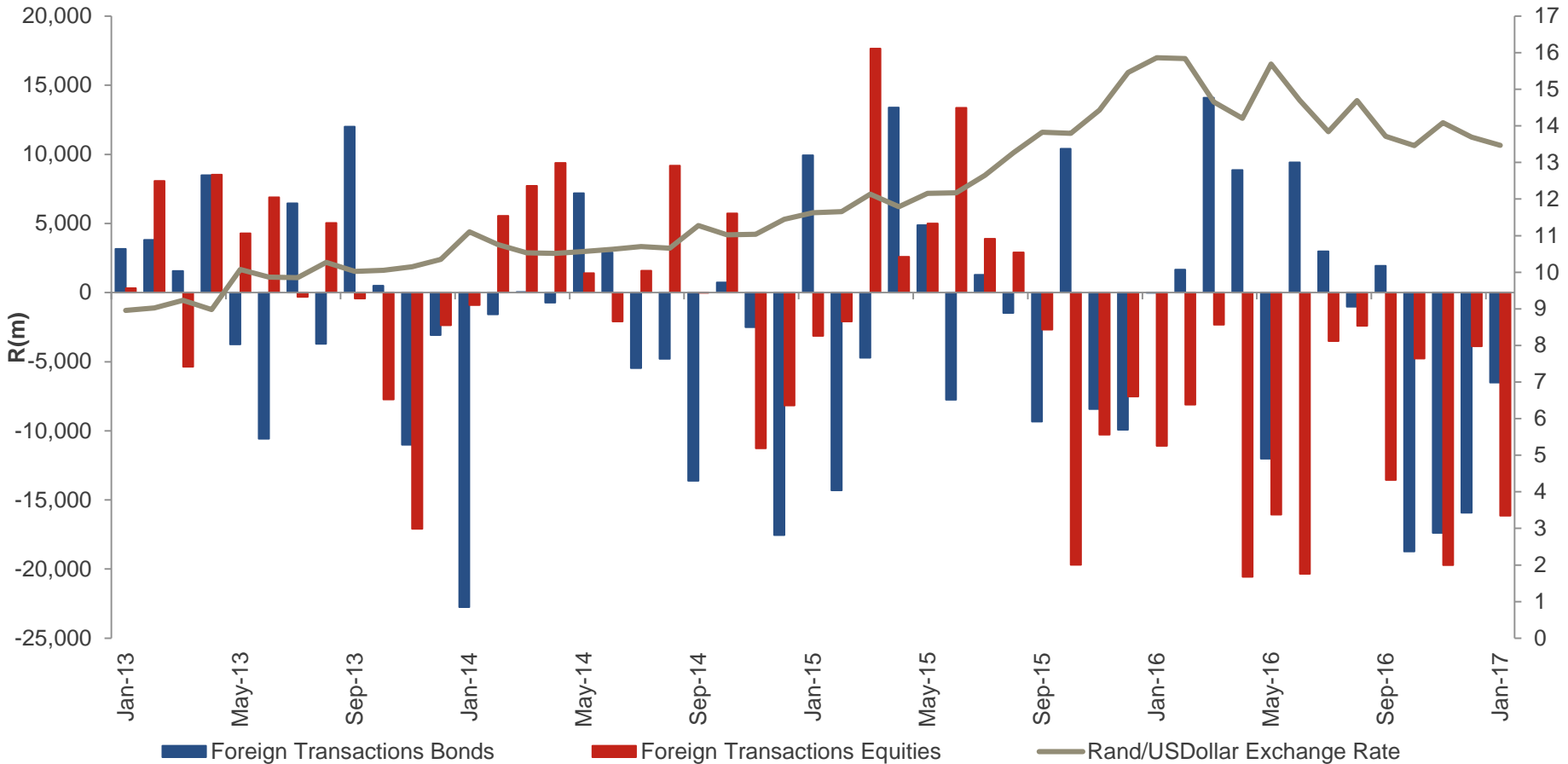
Source: INET BFA and Momentum Investments



investments

Foreign transactions

2013 to 2017



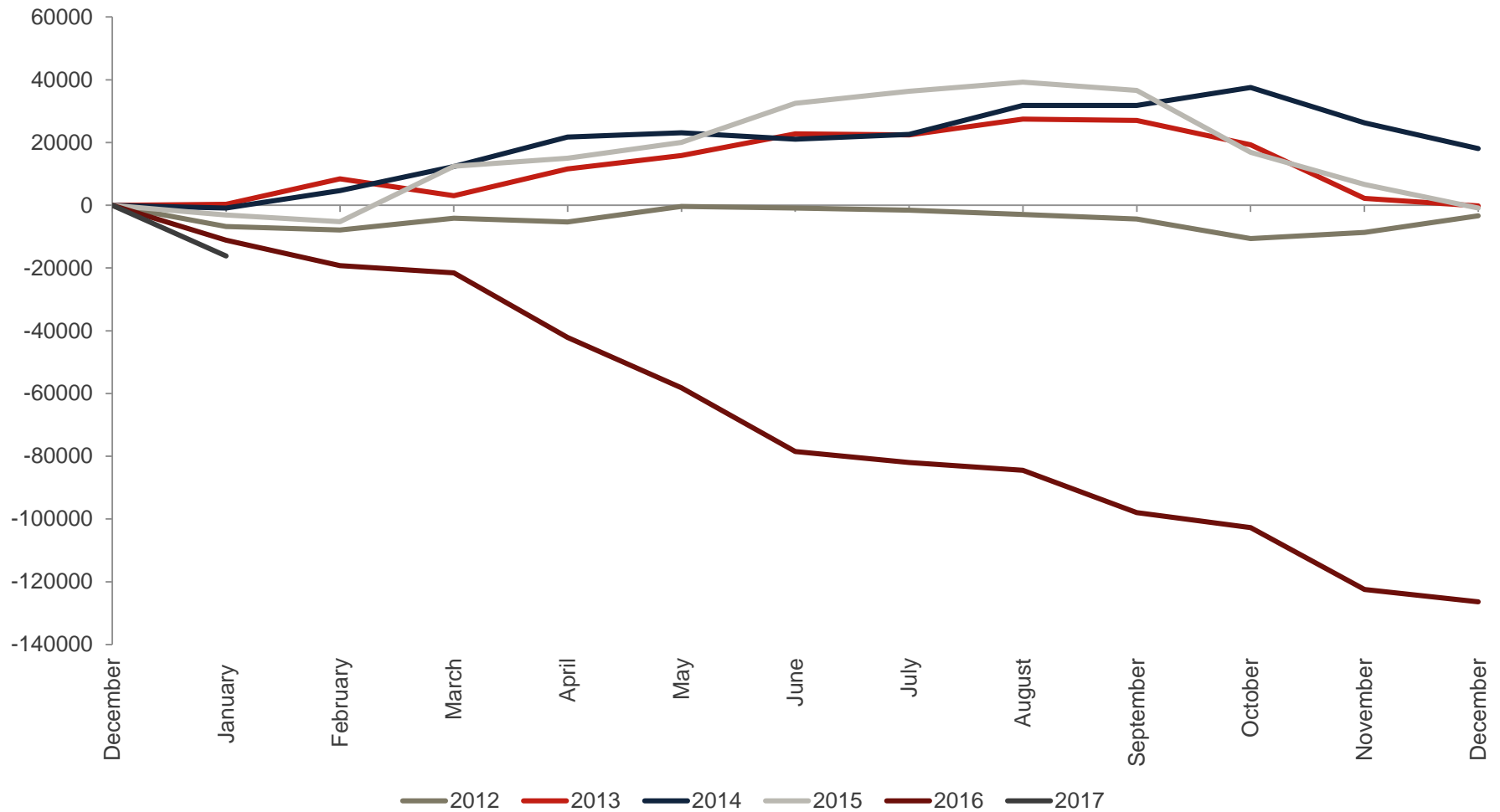
There have been mixed results over the years. However, for January 2017 net outflows have taken place for bonds and equities.

Source: INET BFA and Momentum Investments



Cumulative foreign transaction equities

2012 to 2017

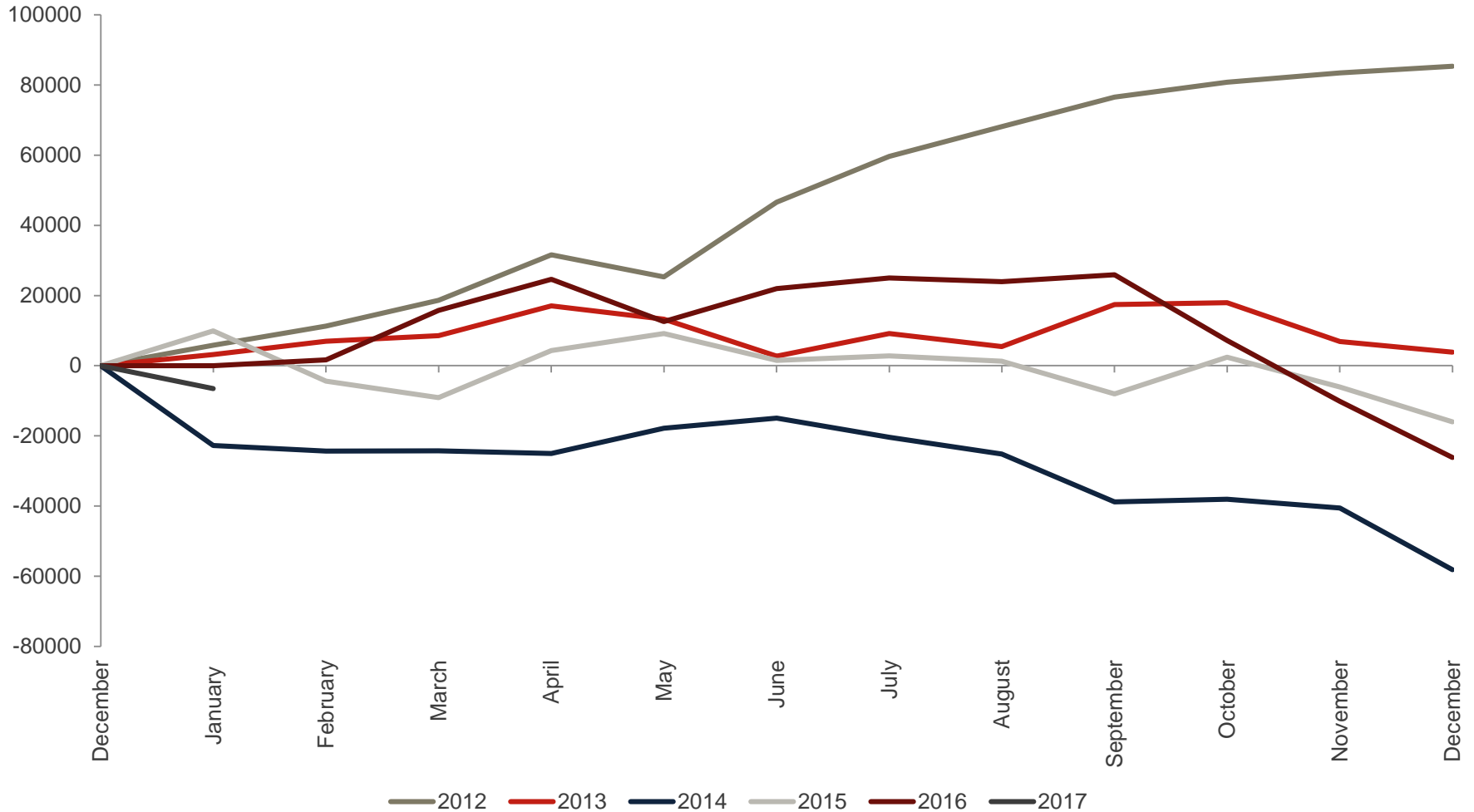


Source: INET BFA and Momentum Investments



investments

Cumulative foreign transaction bonds 2012 to 2017

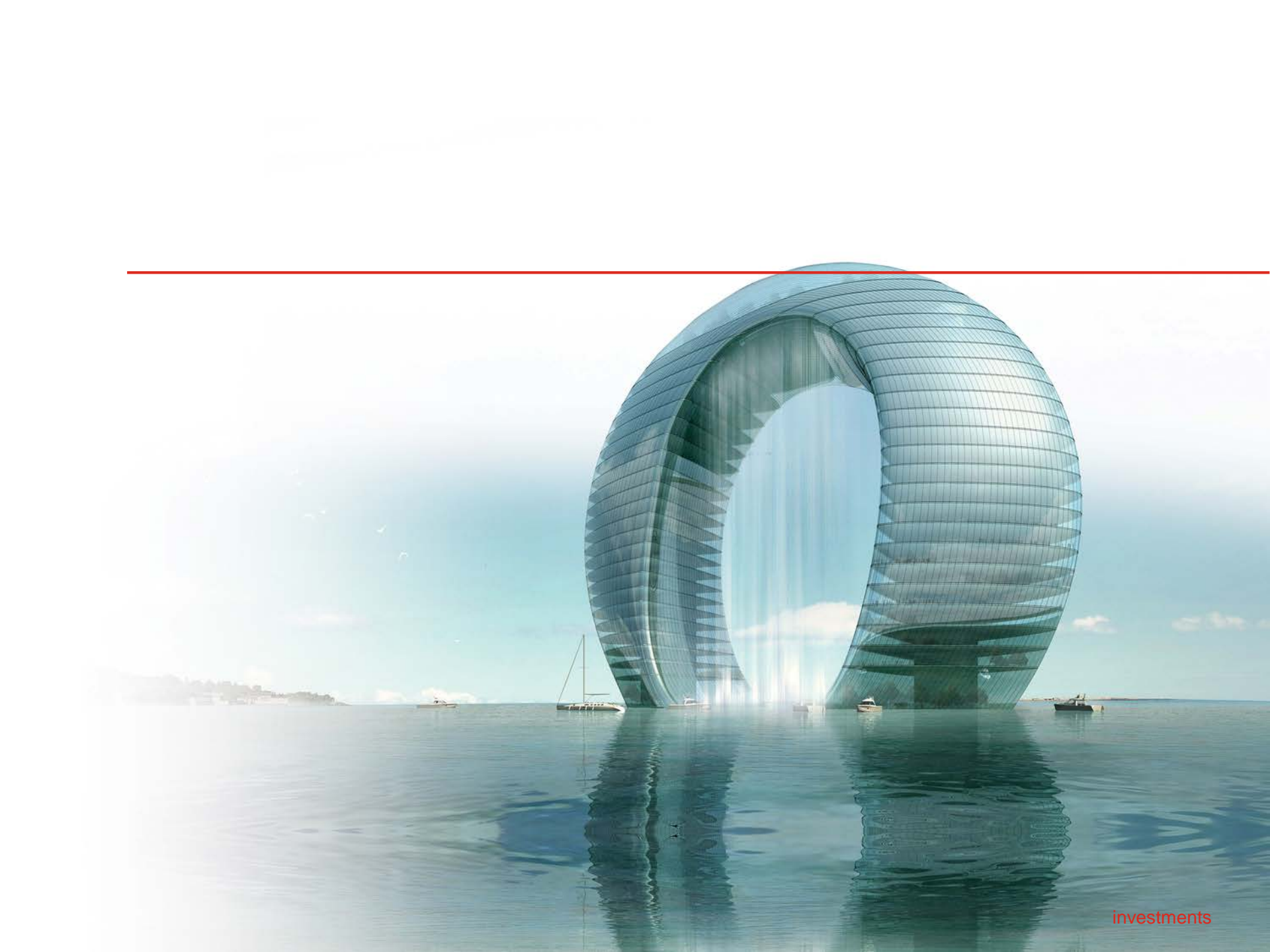


Source: INET BFA and Momentum Investments



investments

End of key market performance drivers monthly charts for January 2017



Disclaimer

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.
5. FTSE/JSE disclaimer: 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.