



momentum
investments

Key market performance drivers

Monthly charts

July 2017

Signatory of:

 **PRI** | Principles for
Responsible
Investment

Market returns concentration

One-year returns ending:

July-17

NASPERS		
ANGLO		
STANDARD BANK GP		
BHPBILL		
Top 5	SASOL	111%
Top 6	BID CORPORATION LIMITED	116%
	FIRSTSTRAND	
	CAPITEC	
	VODACOM	
Top 10	SAPPI	128%
	BARWORLD	
	MONDI LTD	
	MONDI PLC	
	INVPLC	
	PSG	
	CLICKS GROUP LTD	
	NEDBANK	
	EXXARO	
	DISCOVERY LIMITED	
Top 20	SANLAM	144%
Remaining	(Positive)	16%
Negative	(76 Shares)	-60%

June-17

NASPERS		
STANDARD BANK GP		
ANGLO		
SHOPRIT		
Top 5	CAPITEC	141%
Top 6	FIRSTSTRAND	150%
	SAPPI	
	SANLAM	
	BARWORLD	
Top 10	MONDI LTD	178%
	BHPBILL	
	MONDI PLC	
	BID CORPORATION LIMITED	
	BIDVEST	
	NEDBANK	
	EXXARO	
	BARCLAYS AFRICA GROUP	
	PSG	
	A V I	
Top 20	CLICKS GROUP LTD	222%
Remaining	(Positive)	47%
Negative	(73 Shares)	-168%

May-17

NASPERS		
STANDARD BANK GP		
FIRSTSTRAND		
ANGLO		
Top 5	SHOPRIT	93%
Top 6	BIDVEST	100%
	SAPPI	
	SANLAM	
	BARWORLD	
Top 10	NEDBANK	118%
	CAPITEC	
	EXXARO	
	GROWTHPOINT PROPS	
	CLICKS GROUP LTD	
	RMBH	
	KUMBA IRON ORE	
	TIGBRANDS	
	BHPBILL	
	TELKOM SA SOC LTD	
Top 20	PSG	143%
Remaining	(Positive)	30%
Negative	(61 Shares)	-73%

Market-cap weighted returns: 10 shares contributed 128% to the return of the SWIX, while 20 shares contributed 144%

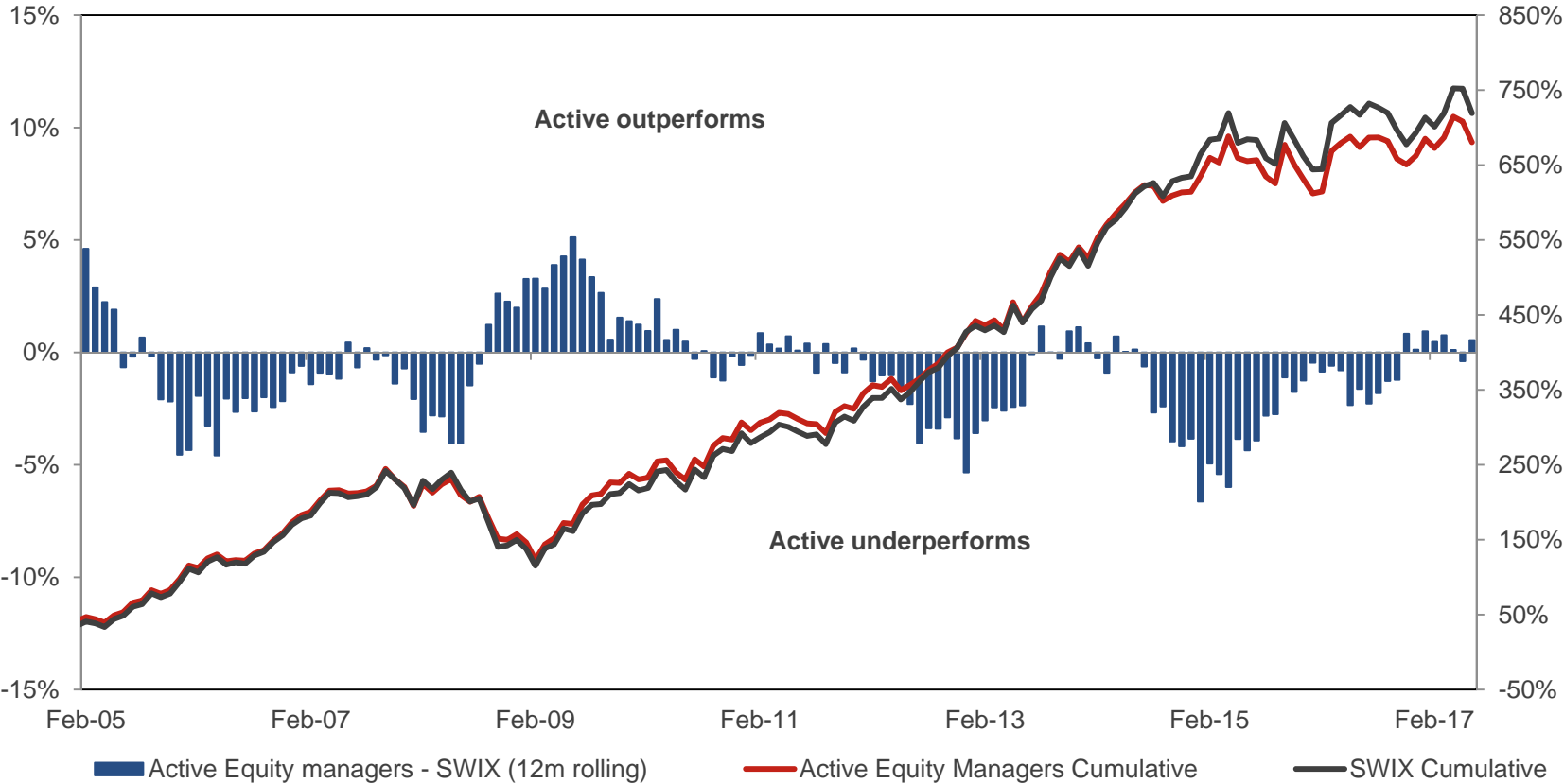
Source: Barra, Deutsche Securities and Momentum Investments



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Active-index analysis

One-year rolling active to June* 2017



Median of Active Equity Managers vs SWIX

The median of the active equity managers outperformed the SWIX for the year ended June 2017

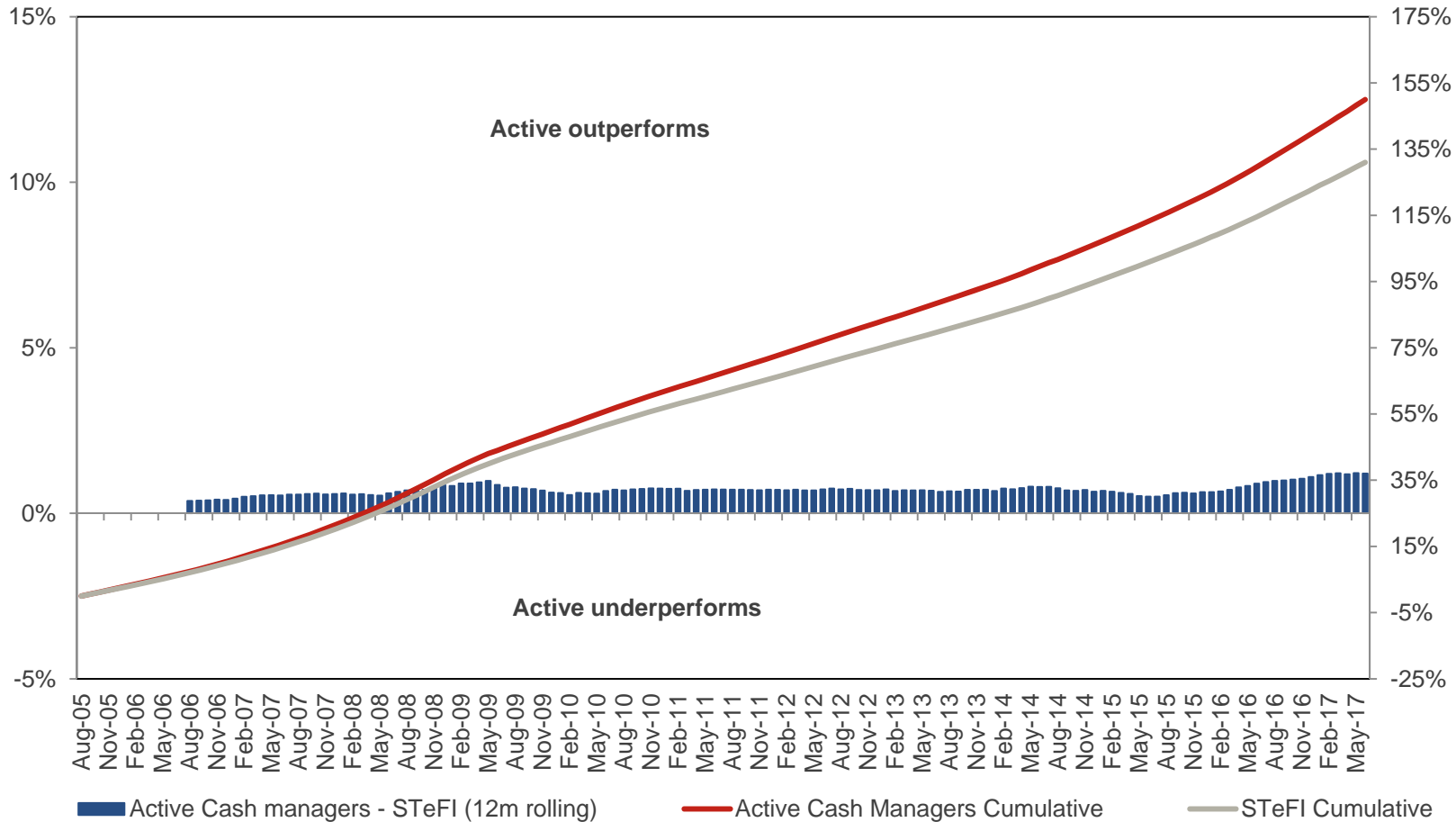
Source: Alexander Forbes SA Equity Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data



Active versus tracker: Cash

One-year rolling average to June* 2017



Median of Active Money Market Managers vs SteFI

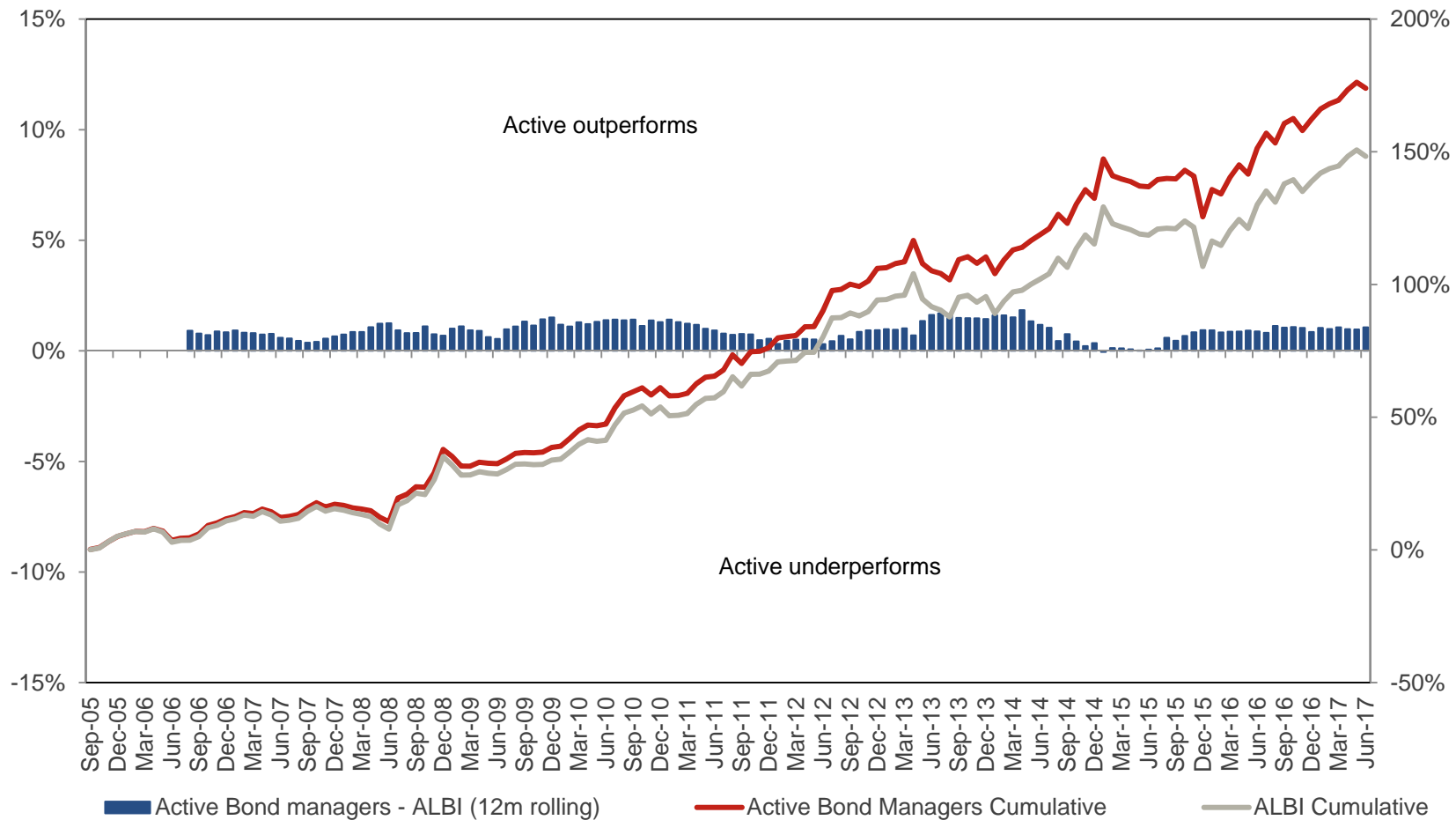
Source: Alexander Forbes SA Money Market Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data



Active versus tracker: Bonds

One-year rolling average to June* 2017



Median of Active Bond Managers vs ALBI

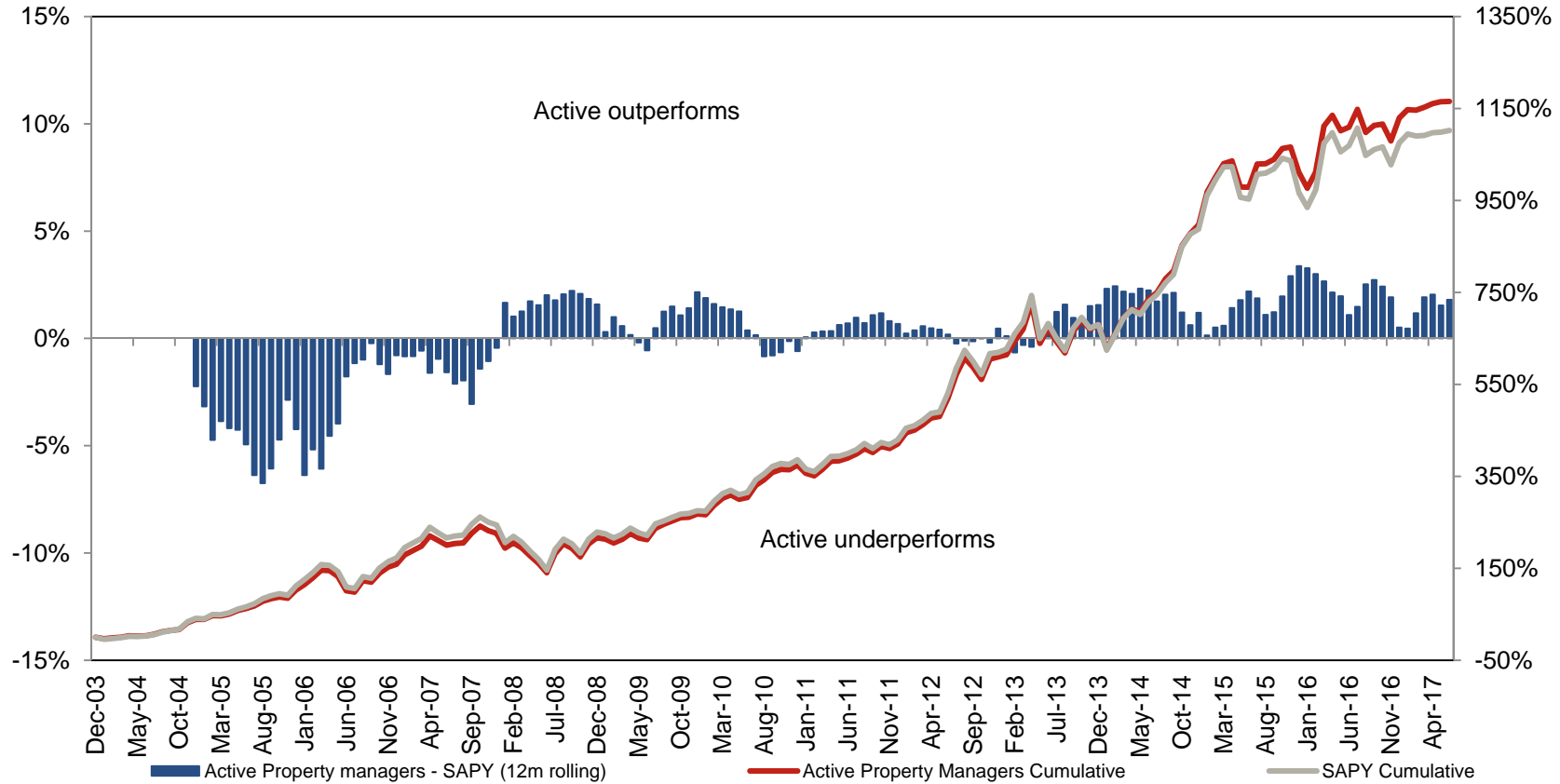
Source: Alexander Forbes SA Bond Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data



Active versus tracker: Property

One-year rolling average to June* 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



Style returns for South Africa

Data to July 2017

ZAR	Styles	One month to July 2017	Three months to July 2017	One year to July 2017	Three years to July 2017	Five years to July 2017	Ten years to July 2017	Twenty years to July 2017
Value	Book to Price	-2.83	-4.03	3.05	-0.67	-2.54	-1.80	2.75
	Dividend Yield	-0.36	1.34	10.71	3.95	-0.25	2.44	5.01
	Earnings Yield	-1.93	-1.51	11.92	-0.54	-1.17	-0.32	2.99
	Cash Flow Yield	1.47	0.27	15.65	2.54	1.30	0.00	3.66
	Sales to Price	0.77	0.39	5.84	-0.64	-1.66	-1.52	2.64
Quality	ROE	0.16	1.85	-0.83	-1.56	-2.32	0.43	-1.95
	ROIC LT	-1.65	-2.85	0.88	-1.43	-1.62	-0.71	-2.76
	Income to Sales	-0.02	2.12	2.07	-1.43	-0.22	0.98	-0.89
	Low market beta	-2.33	-1.42	-3.12	6.01	4.75	-1.65	1.63
	Low Debt/Equity	0.49	-1.15	-0.33	-2.01	-0.75	-2.75	-0.89
	EBIT Margin Stability	-2.05	-8.42	-5.66	3.57	2.15	3.41	-0.83
Growth	Earnings Growth	-1.82	-1.62	8.63	-0.09	-0.92	-2.14	-1.23
	Sales Growth	-2.62	-5.07	1.24	-0.92	-0.56	0.50	0.13
	12M Earning Growth	-1.16	-1.35	-15.49	-3.92	-3.51	0.47	5.19
Momentum	FY1 Earnings Revisions	3.06	3.27	-0.82	3.90	4.76	9.33	7.48
	Short Term Momentum	1.39	-2.65	-11.91	2.23	0.88	-0.17	-1.98
	Medium Term Momentum	-0.93	-1.55	-11.72	1.11	3.59	3.77	6.13
Size	Size	3.23	3.94	-5.75	-1.39	-1.49	1.34	-0.49

The Size factor and some Momentum factors had strong returns for the shorter term. For the three-year period, the Momentum and Value factors had positive returns.

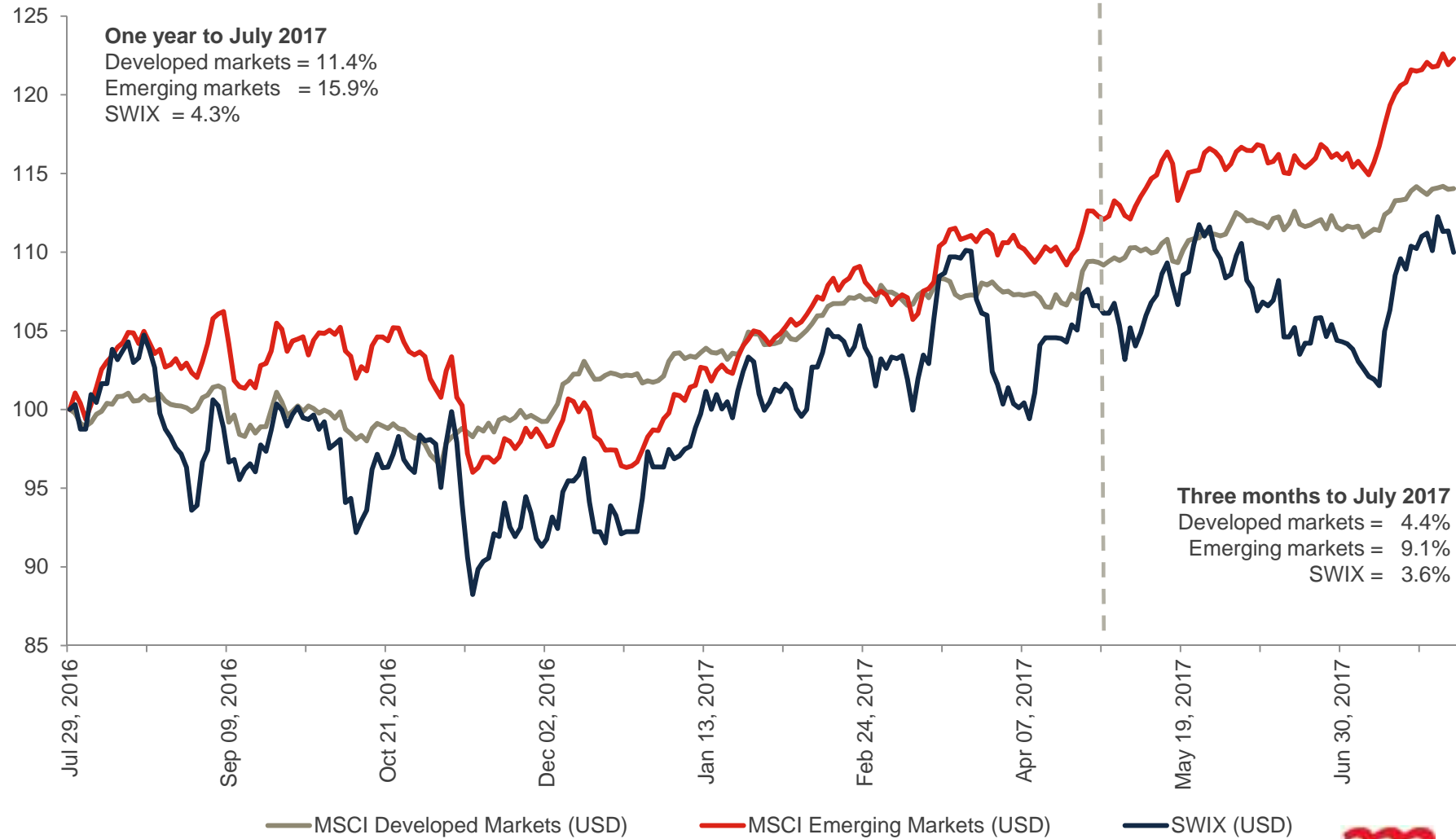
Source: FactSet, Momentum Global Investment Management and Momentum Investments



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MSCI developed and emerging markets

One year to July 2017



Source: INET BFA, MSCI and Momentum Investments



SA 10-year bond yields

Five years to July 2017



SA 10-year bond yields decreased for July 2017

Source: INET BFA and Momentum Investments



Yield of R197 (inflation-linked bond)

Since May 2001 to July 2017



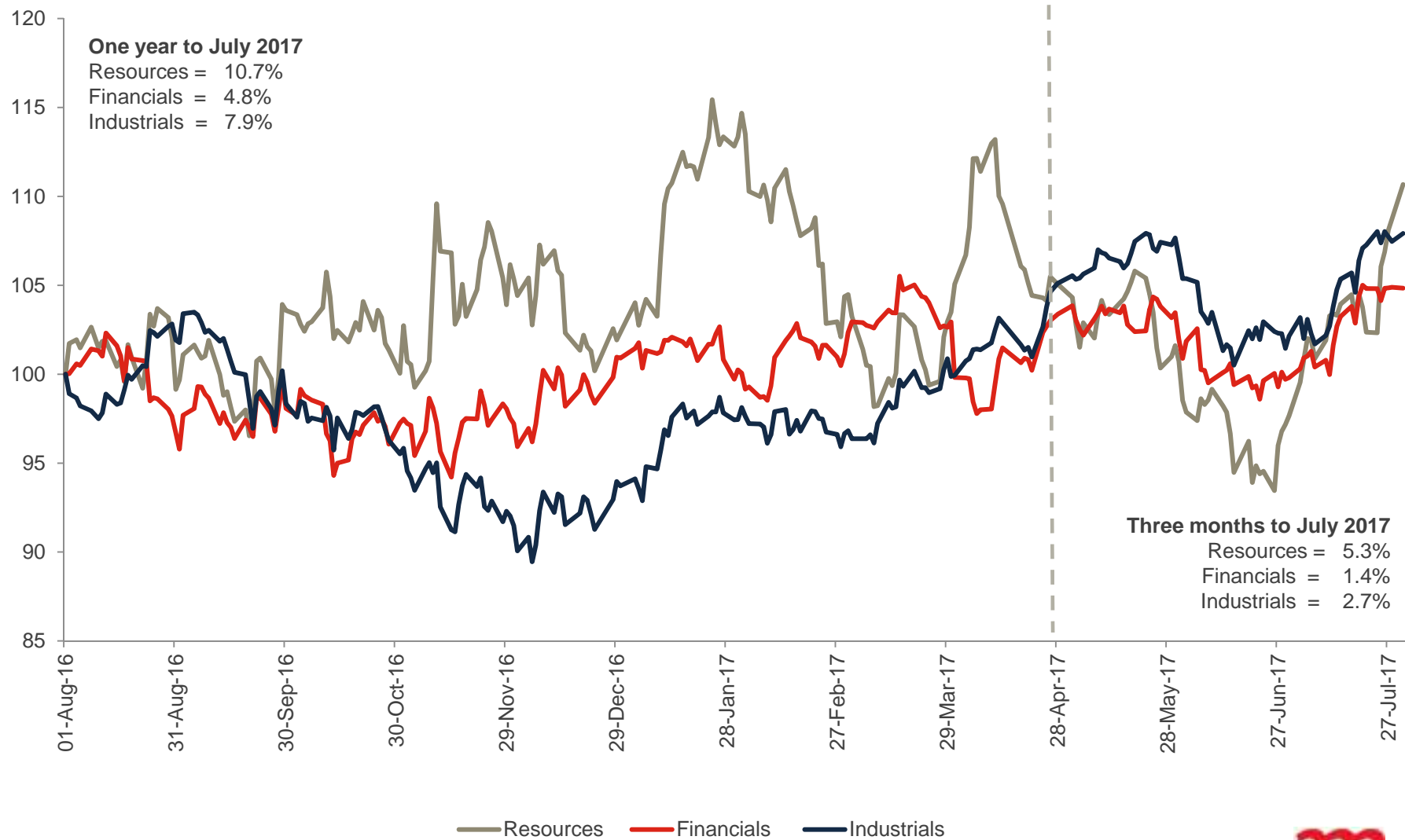
Inflation-linked bond yields were 8 bps lower for July 2017

Source: INET BFA and Momentum Investments



FTSE/JSE sectors

One year to July 2017



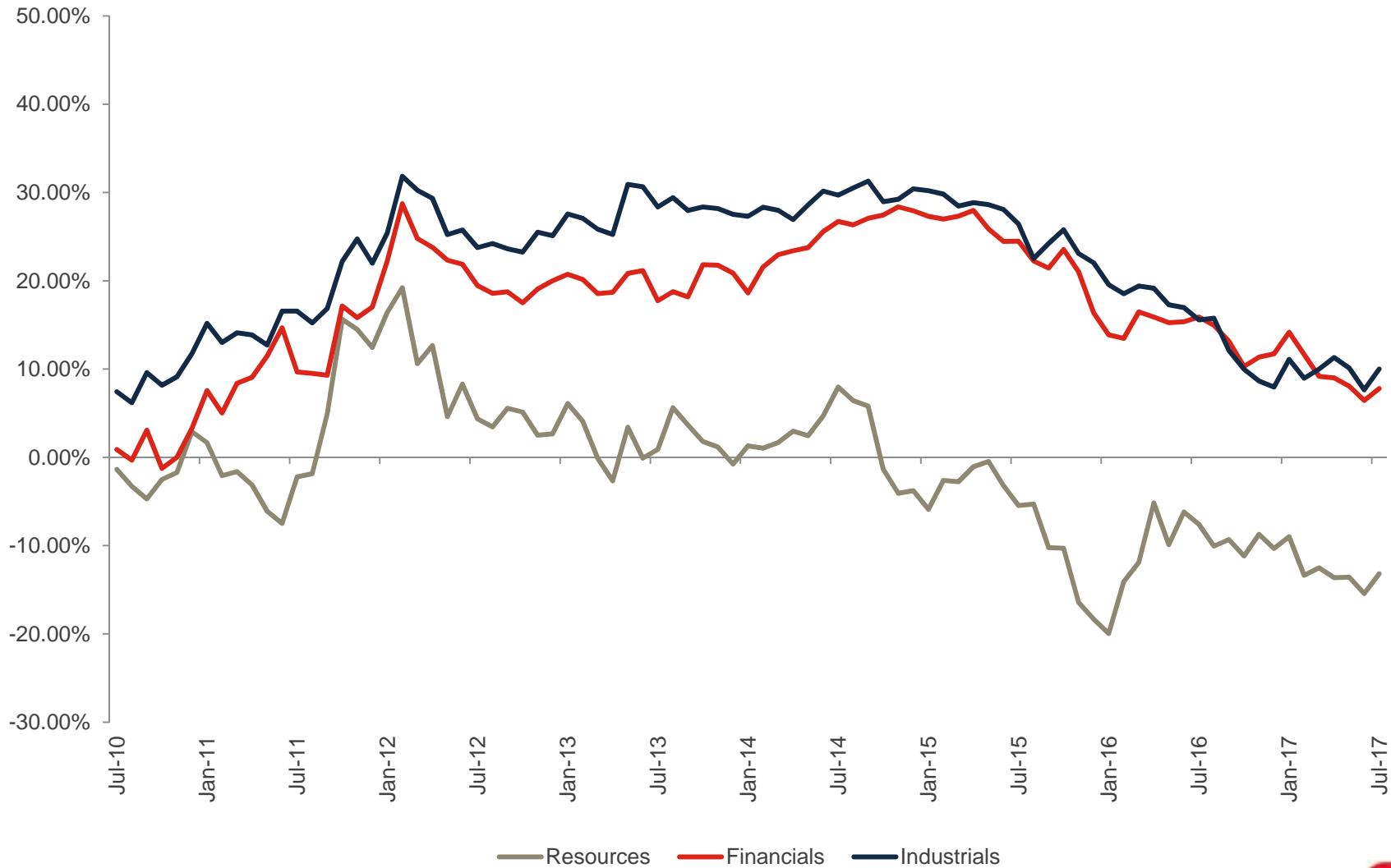
Source: INET BFA and Momentum Investments



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FTSE/JSE sectors

Rolling three-year return to July 2017



Source: INET BFA and Momentum Investments

Returns are annualised



FTSE/JSE sectors

Decomposed

Three months to July 2017

1	General Mining	Mining	15.5%	19	Food Producers	Consumer Goods	-2.5%
2	Media	Consumer Services	14.5%	20	Gold Mining	Mining	-2.6%
3	Beverages	Consumer Goods	8.1%	21	Household Goods	Consumer Goods	-3.1%
4	Real Estate Investment & Services	Financials	7.5%	22	Forestry & Paper	Basic Materials	-3.5%
5	Industrial Metals	Basic Materials	5.9%	23	Chemicals	Basic Materials	-3.9%
6	Banks	Financials	4.9%	24	Coal Mining	Mining	-4.4%
7	Food & Drug Retailers	Consumer Services	3.7%	25	General Retailers	Consumer Services	-6.0%
8	Real Estate Investment Trusts	Financials	0.7%	26	Support Services	Industrials	-7.9%
9	Mobile Telecommunications	Telecommunication	0.5%	27	Health Care Equipment & Services	Health Care	-8.4%
10	Industrial Transportation	Industrials	0.0%	28	Tobacco	Consumer Goods	-8.4%
11	Personal Goods	Consumer Goods	0.0%	29	Fixed Line Telecommunications	Telecommunication	-8.8%
12	Electronic & Electrical Equipment	Industrials	-0.4%	30	Construction & Materials	Industrials	-9.5%
13	Pharmaceuticals & Biotechnology	Health Care	-1.2%	31	Equity Investment Instruments	Financials	-10.8%
14	General Financial	Financials	-1.3%	32	Platinum Mining	Mining	-11.6%
15	General Industrials	Industrials	-1.5%	33	Travel & Leisure	Consumer Services	-14.0%
16	Life Insurance	Financials	-1.6%	34	Software & Computer Services	Technology	-15.0%
17	Non-life Insurance	Financials	-2.0%	35	Automobiles & Parts	Consumer Goods	-15.3%
18	Industrial Engineering	Industrials	-2.2%				

Key

Resources

Financials

Industrials

Source: Barra, Deutsche Securities and Momentum Investments



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FTSE/JSE sectors

Decomposed

One year to July 2017

1	General Mining	Mining	42.3%	19	Real Estate Investment Trusts	Financials	0.0%
2	Coal Mining	Mining	37.7%	20	Life Insurance	Financials	-1.3%
3	Personal Goods	Consumer Goods	36.2%	21	Automobiles & Parts	Consumer Goods	-2.6%
4	Media	Consumer Services	33.6%	22	Industrial Engineering	Industrials	-3.1%
5	Forestry & Paper	Basic Materials	26.1%	23	Tobacco	Consumer Goods	-3.3%
6	Banks	Financials	16.2%	24	General Industrials	Industrials	-3.4%
7	Non-life Insurance	Financials	11.5%	25	Mobile Telecommunications	Telecommunication	-4.7%
8	Industrial Metals	Basic Materials	11.3%	26	Equity Investment Instruments	Financials	-4.8%
9	Chemicals	Basic Materials	10.6%	27	Software & Computer Services	Technology	-9.0%
10	Fixed Line Telecommunications	Telecommunication	7.8%	28	Beverages	Consumer Goods	-11.0%
11	Construction & Materials	Industrials	6.7%	29	General Retailers	Consumer Services	-14.8%
12	Food & Drug Retailers	Consumer Services	6.3%	30	Travel & Leisure	Consumer Services	-18.4%
13	Electronic & Electrical Equipment	Industrials	4.6%	31	Household Goods	Consumer Goods	-22.3%
14	Real Estate Investment & Services	Financials	2.0%	32	Pharmaceuticals & Biotechnology	Health Care	-24.0%
15	Support Services	Industrials	1.9%	33	Health Care Equipment & Services	Health Care	-27.4%
16	Food Producers	Consumer Goods	1.9%	34	Platinum Mining	Mining	-35.7%
17	Industrial Transportation	Industrials	1.7%	35	Gold Mining	Mining	-51.4%
18	General Financial	Financials	1.6%				

Key

Resources

Financials

Industrials

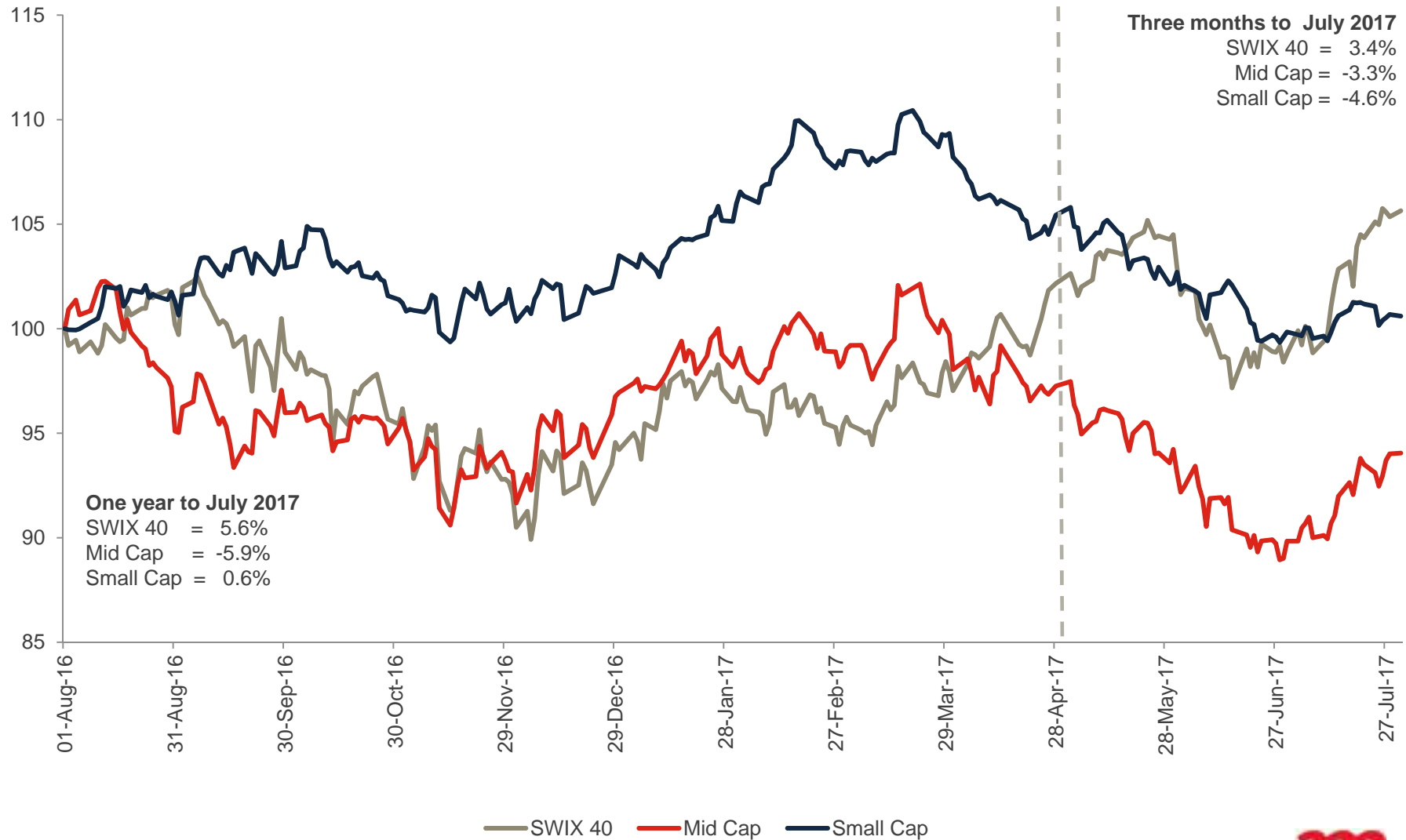
Source: Barra, Deutsche Securities and Momentum Investments



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FTSE/JSE market caps

One year to July 2017



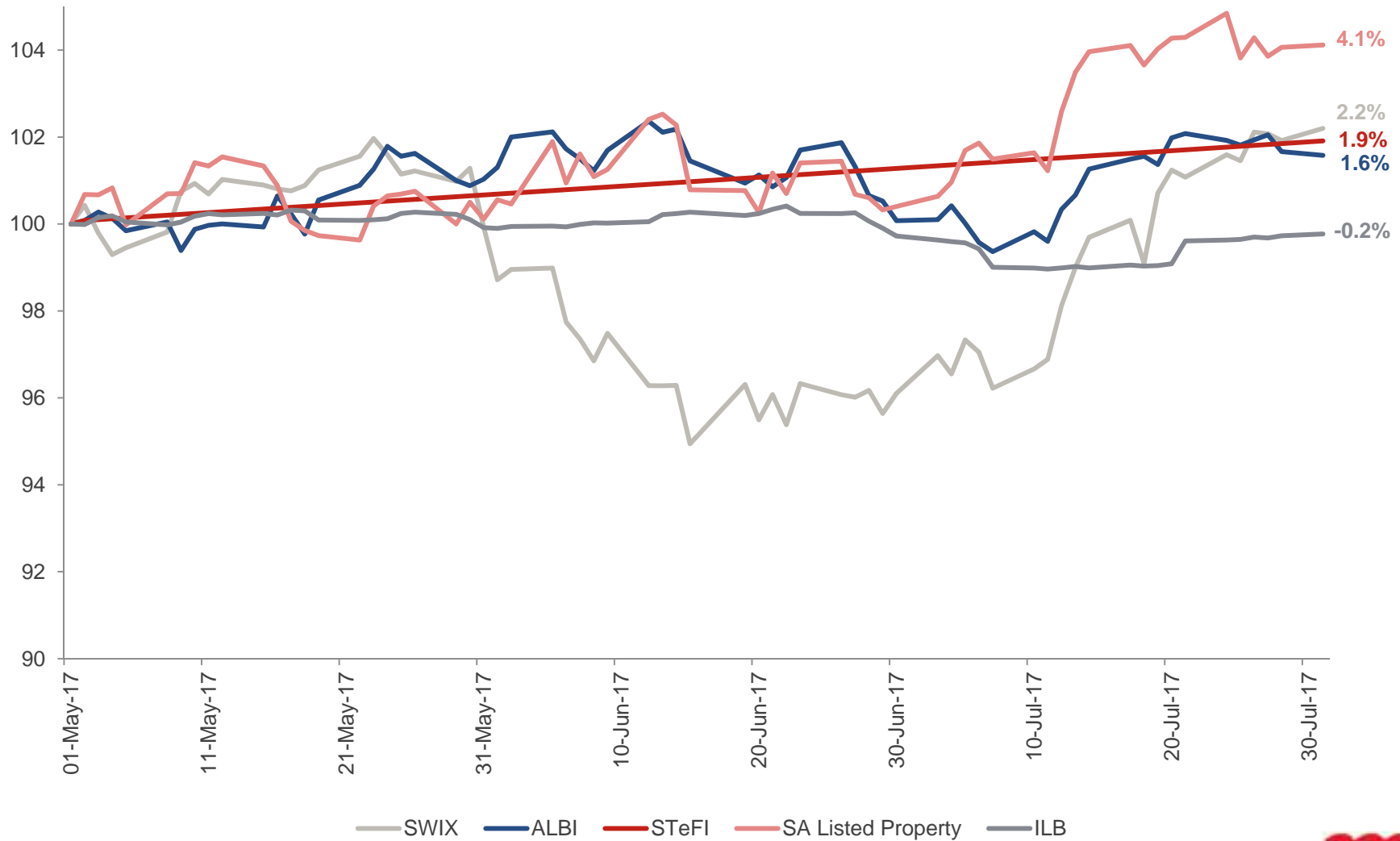
Source: INET BFA and Momentum Investments



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Local asset classes

Three months to July 2017



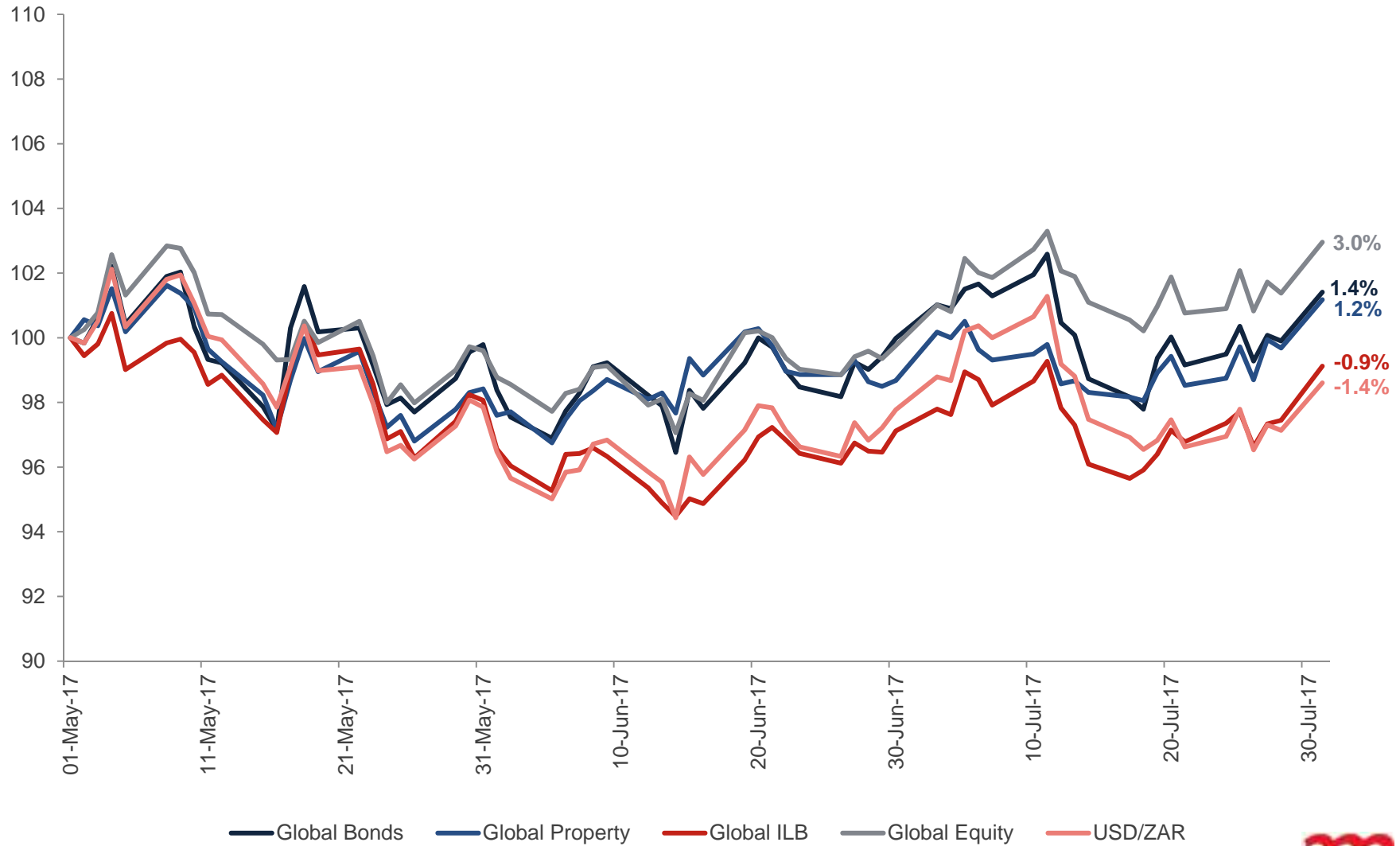
Source: INET BFA and Momentum Investments



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Global asset classes

Three months to July 2017

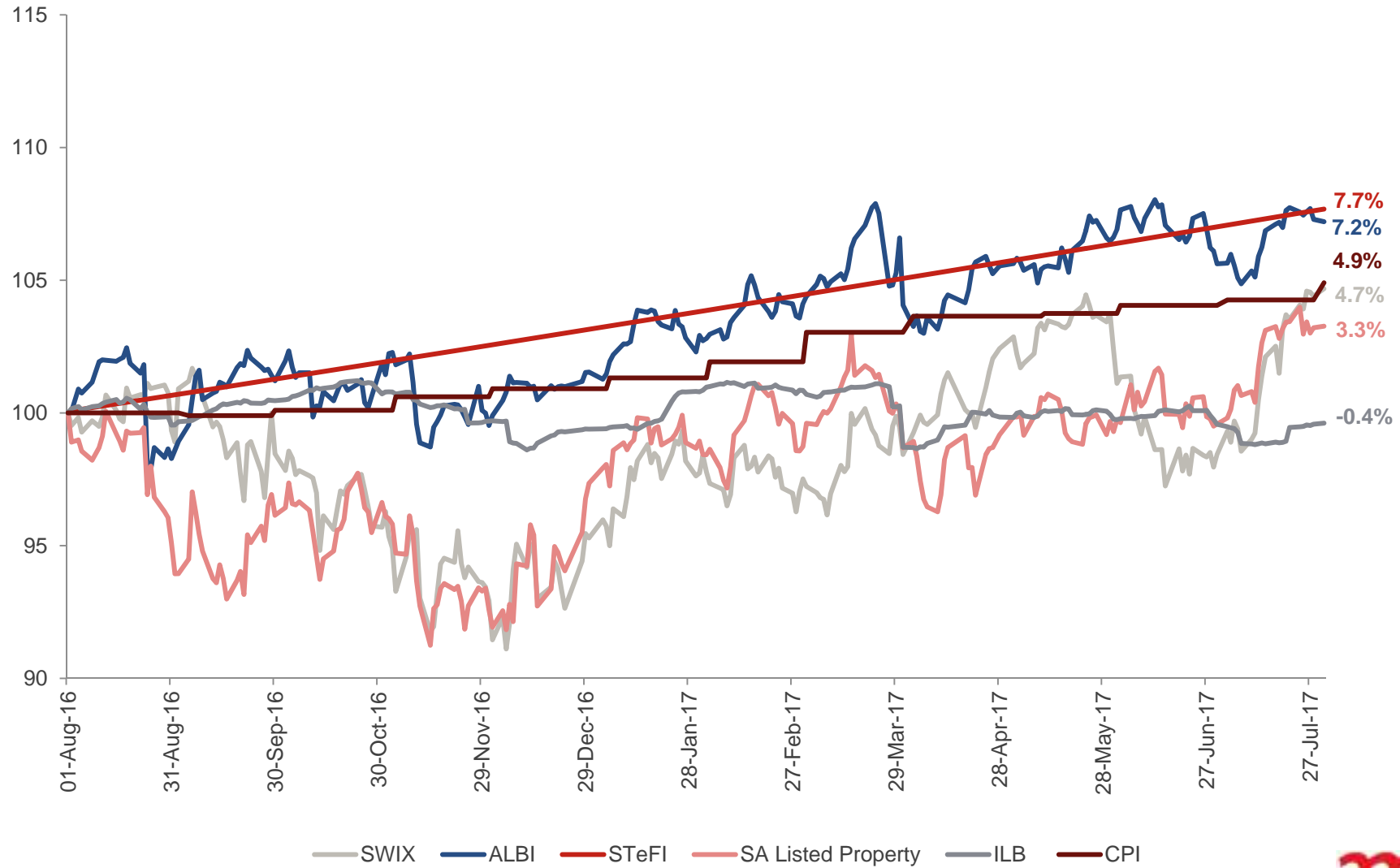


Source: INET BFA and Momentum Investments



Local asset classes

One year to July 2017



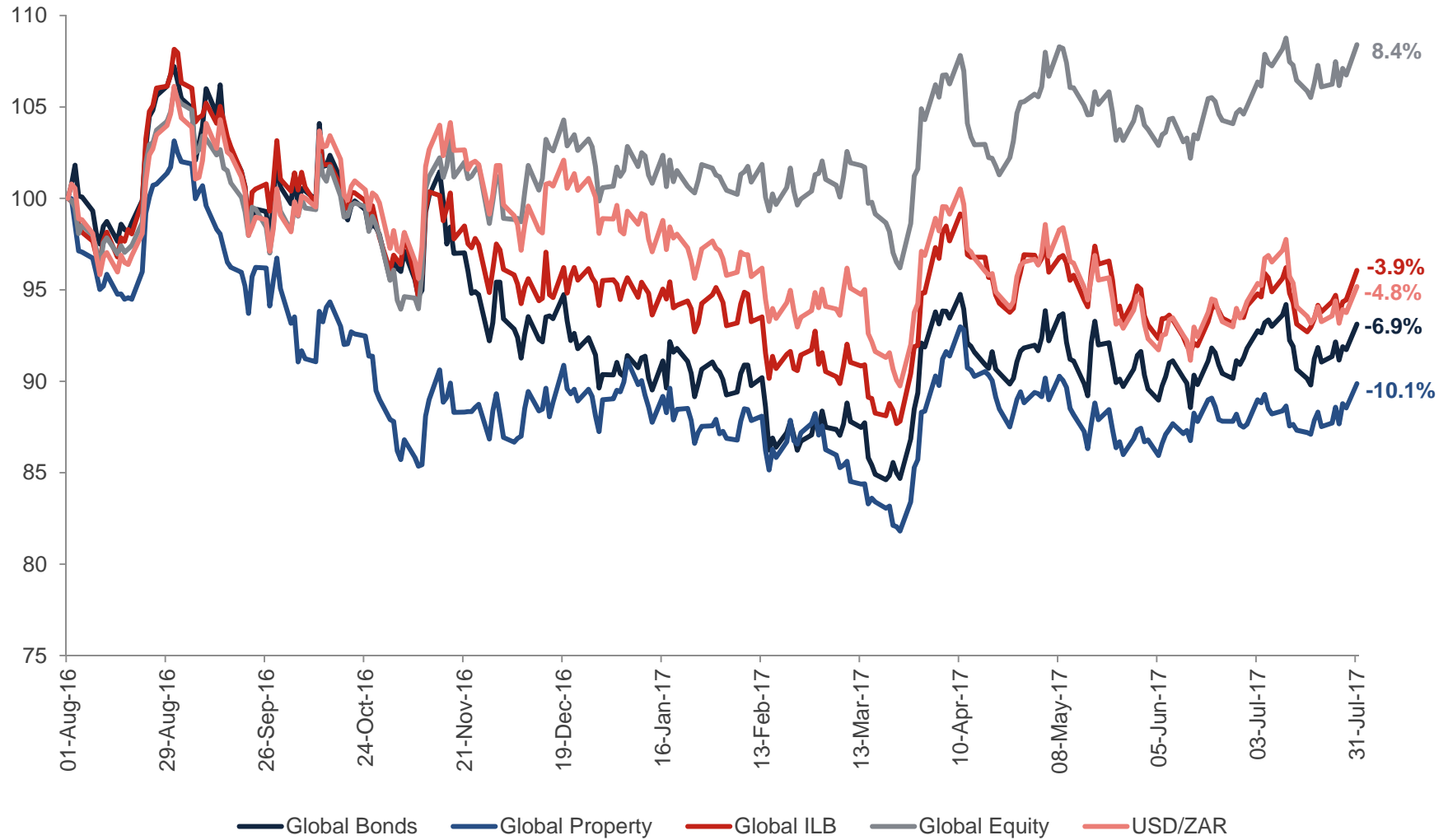
Source: INET BFA and Momentum Investments

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



Global asset classes

One year to July 2017



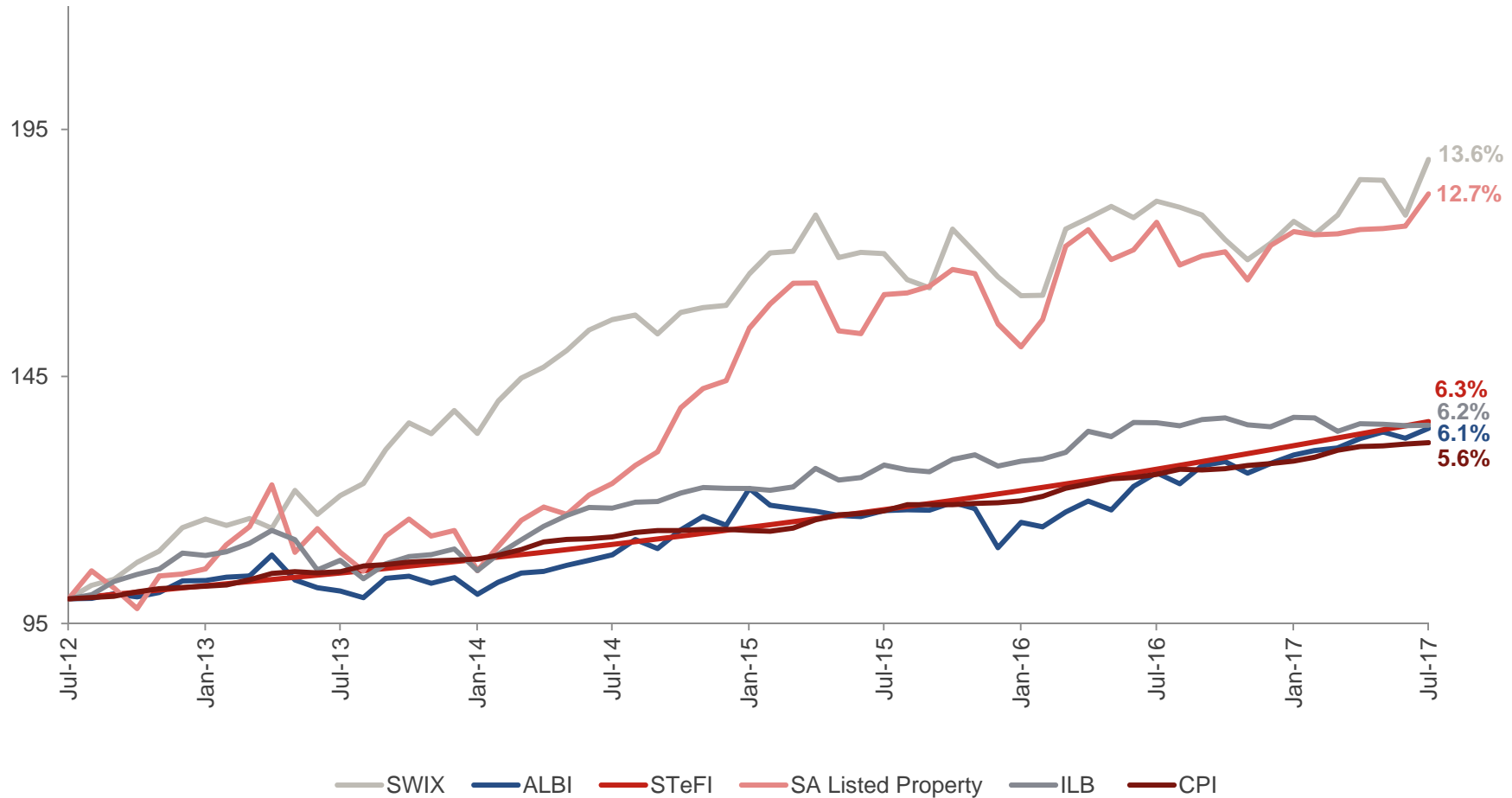
Source: INET BFA and Momentum Investments

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



Local asset classes

Five years to July 2017



The FTSE/JSE SWIX and the FTSE/JSE SA Listed Property remained in the lead for the five-year period. All the depicted asset classes ended the period ahead of inflation* (five-year inflation was 5.6%).

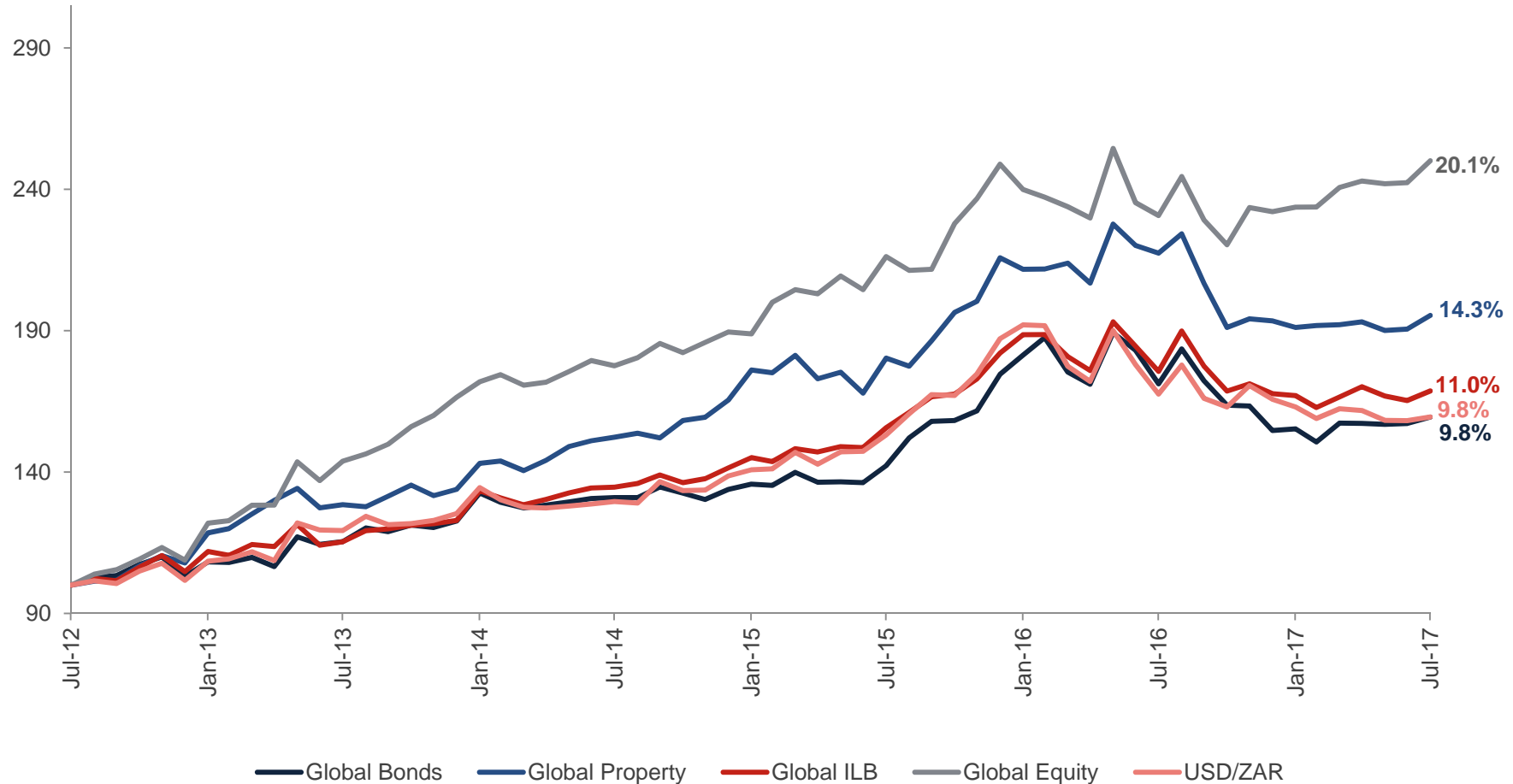
Source: INET BFA and Momentum Investments

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



Global asset classes

Five years to July 2017



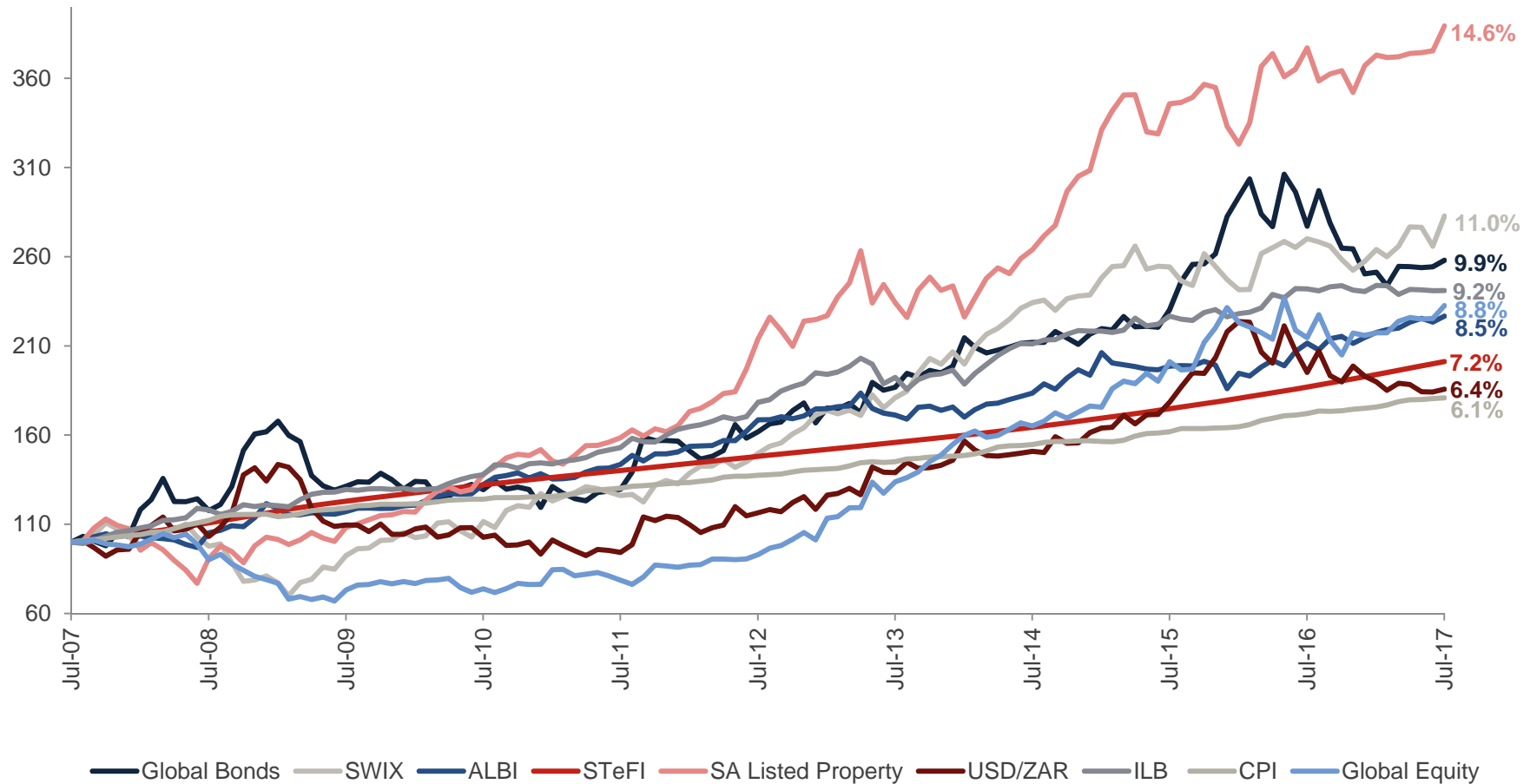
Global equity had the best return for the five-year period, with 20.1%, followed by global property with 14.3%

Source: INET BFA and Momentum Investments



Asset classes

Ten years to July 2017



For the 10-year period to July 2017, the FTSE/JSE SA Listed Property continued to outperform, followed by the SWIX and global bonds

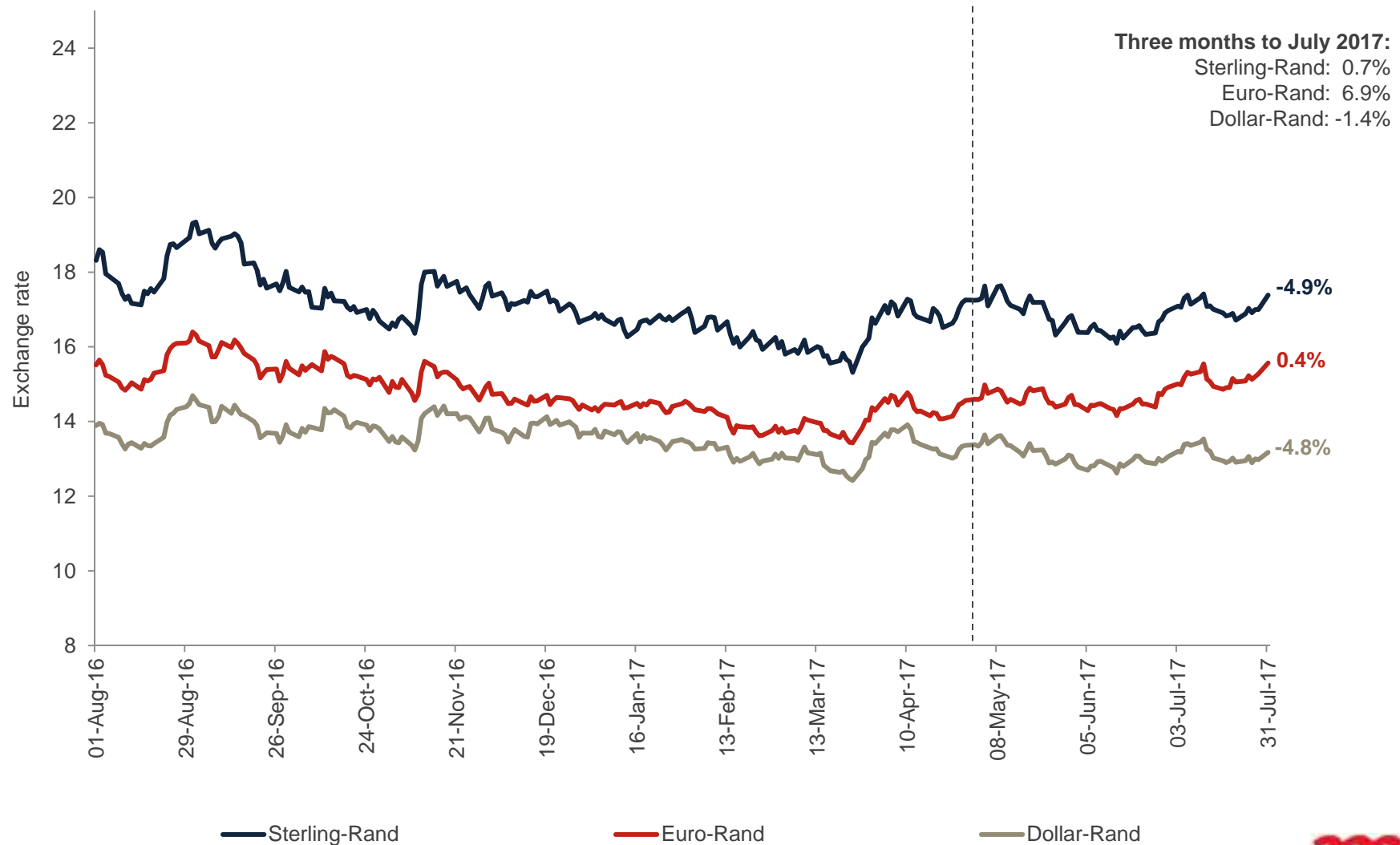
Source: INET BFA and Momentum Investments

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



Exchange rates

One year to July 2017

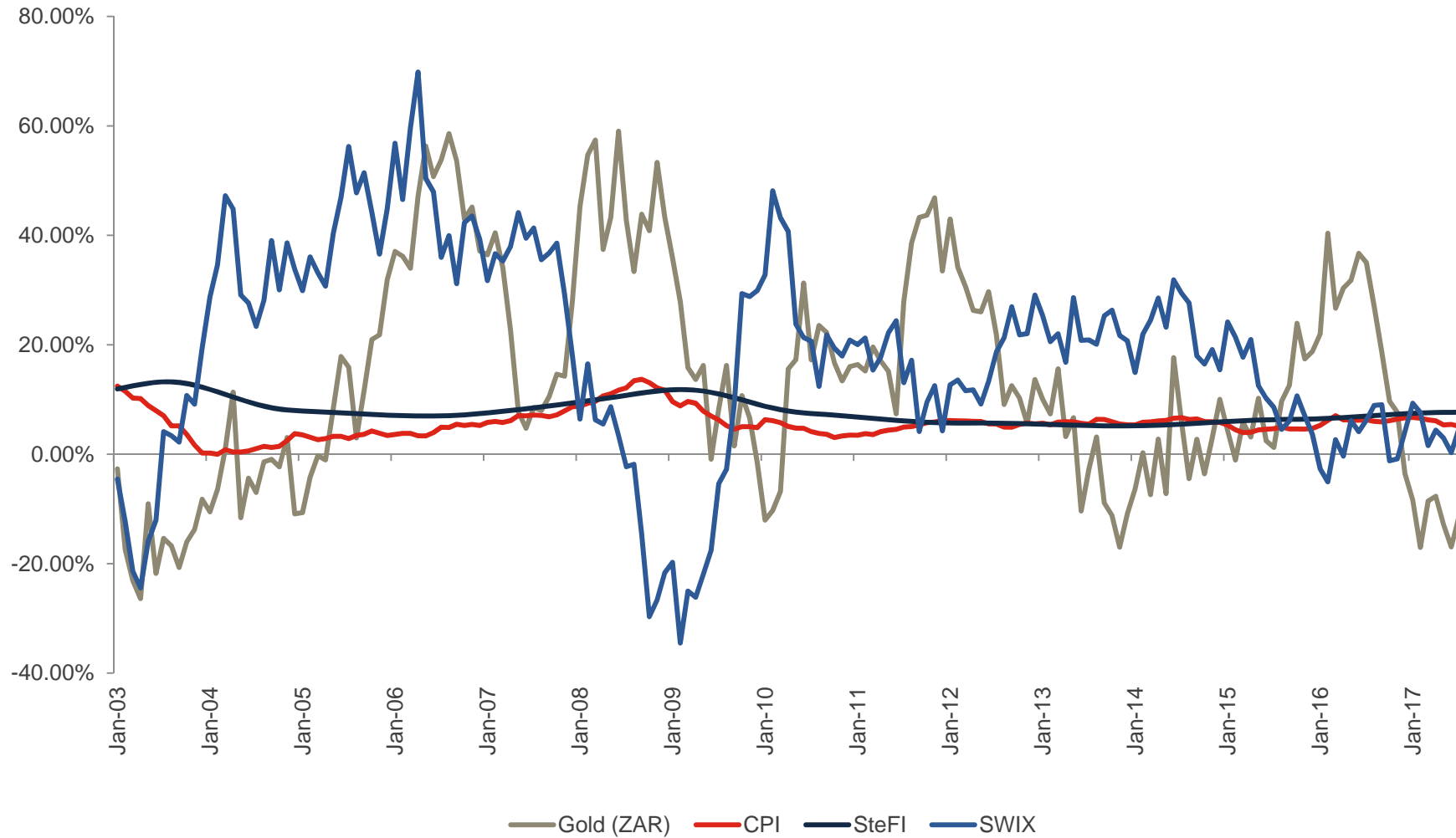


Source: INET BFA and Momentum Investments



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

One-year rolling returns to July 2017



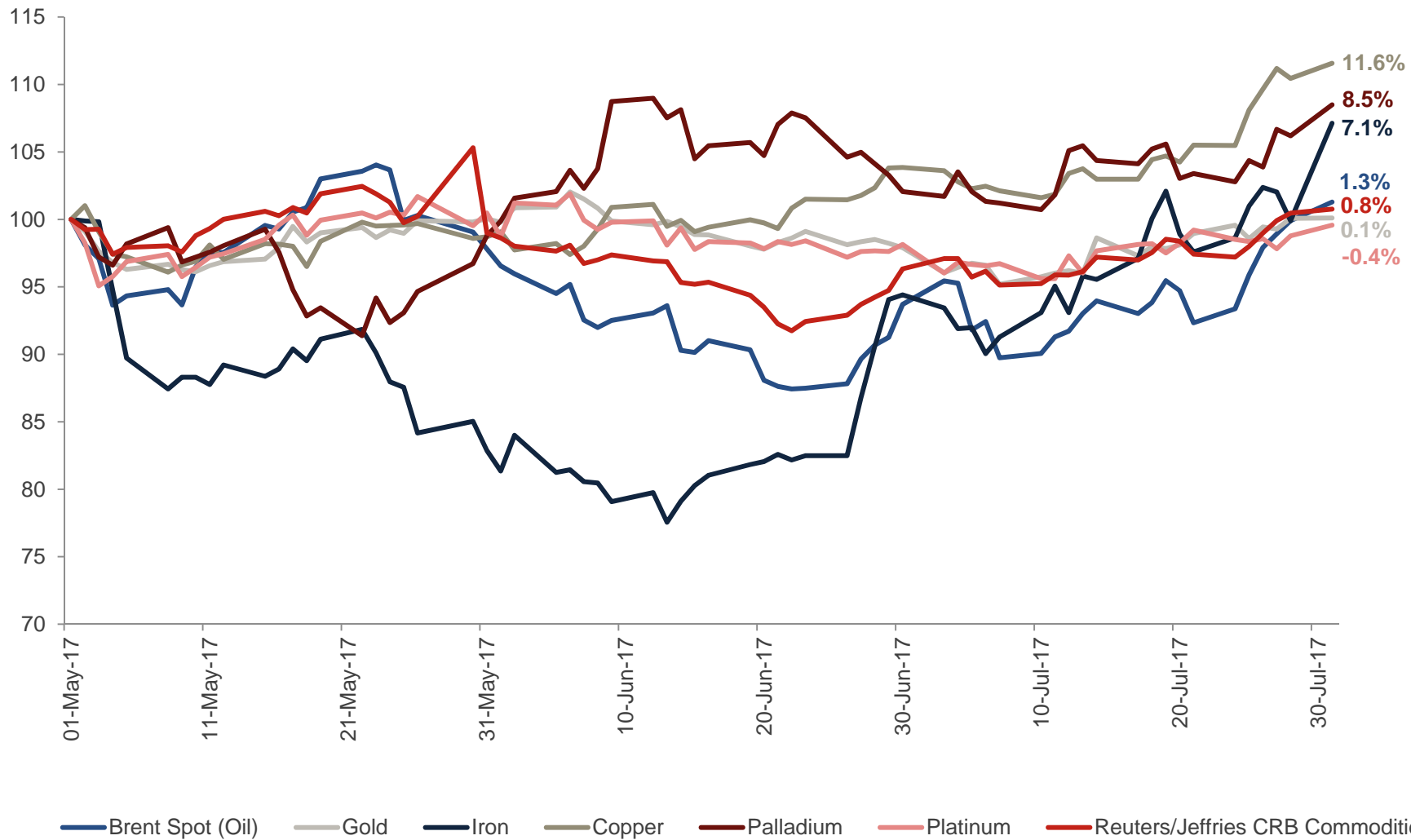
Source: INET BFA and Momentum Investments

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



Commodities

Three months to July 2017



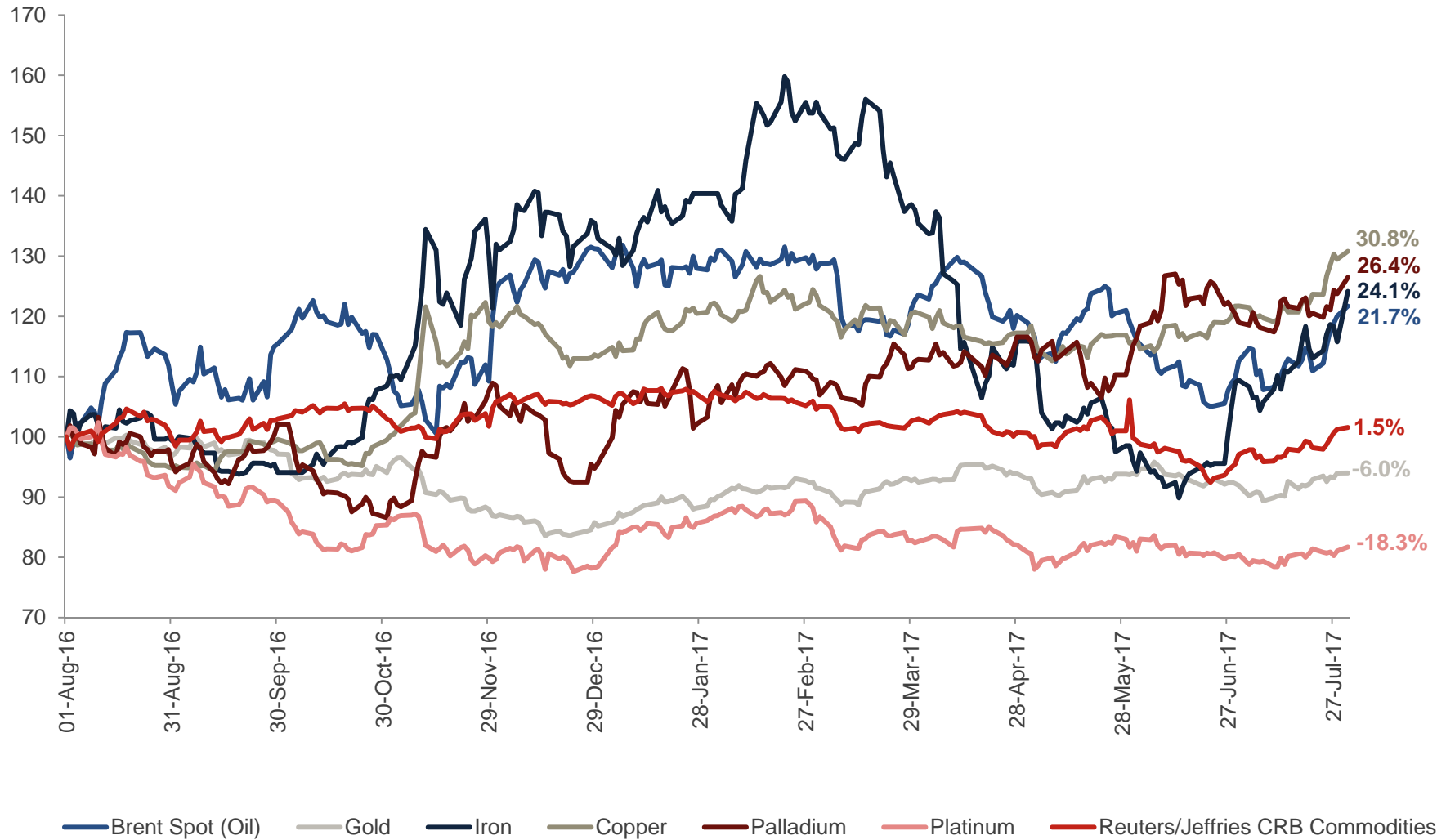
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



Commodities

One year to July 2017



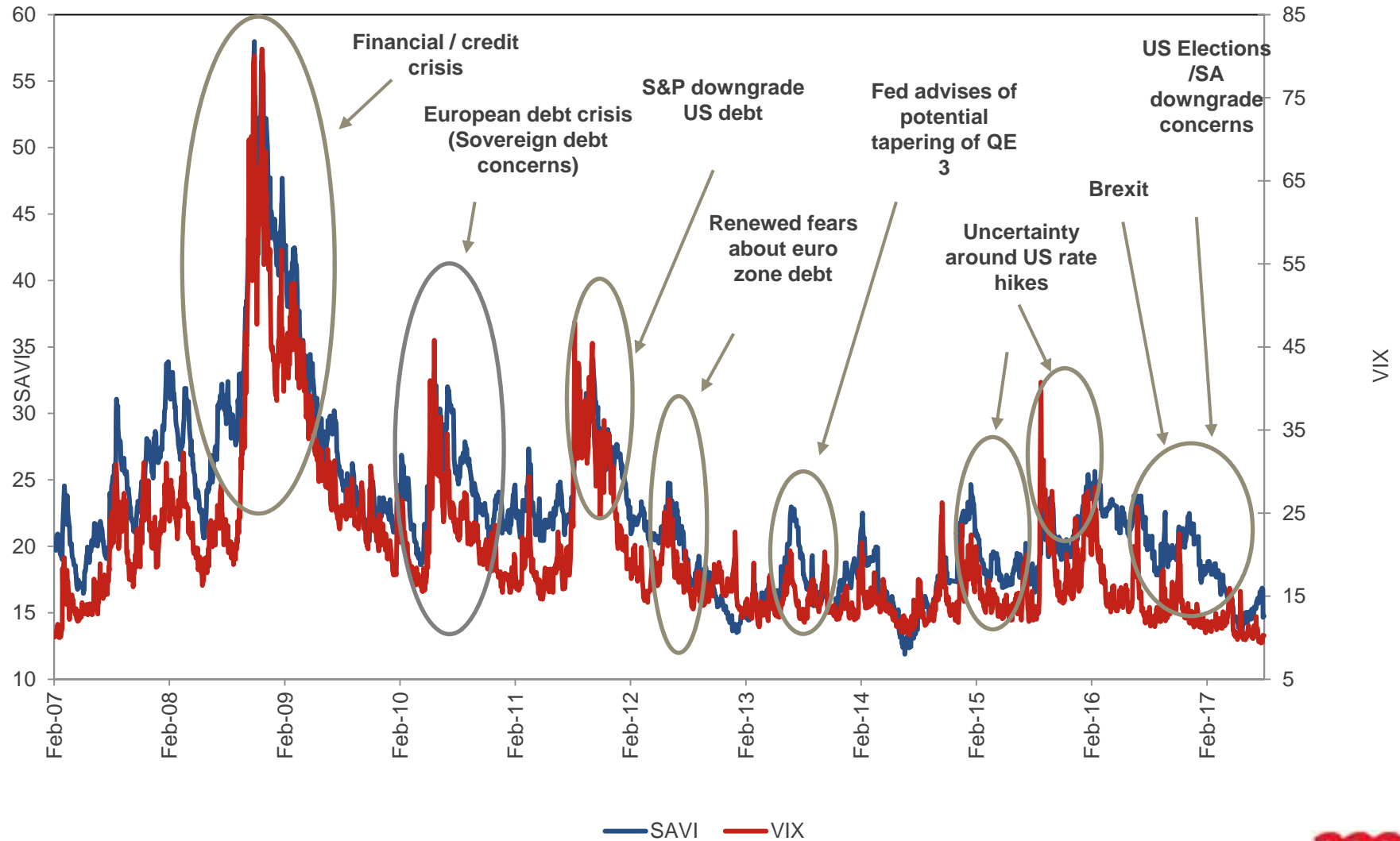
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



SAVI-VIX

Since February 2007 to July 2017

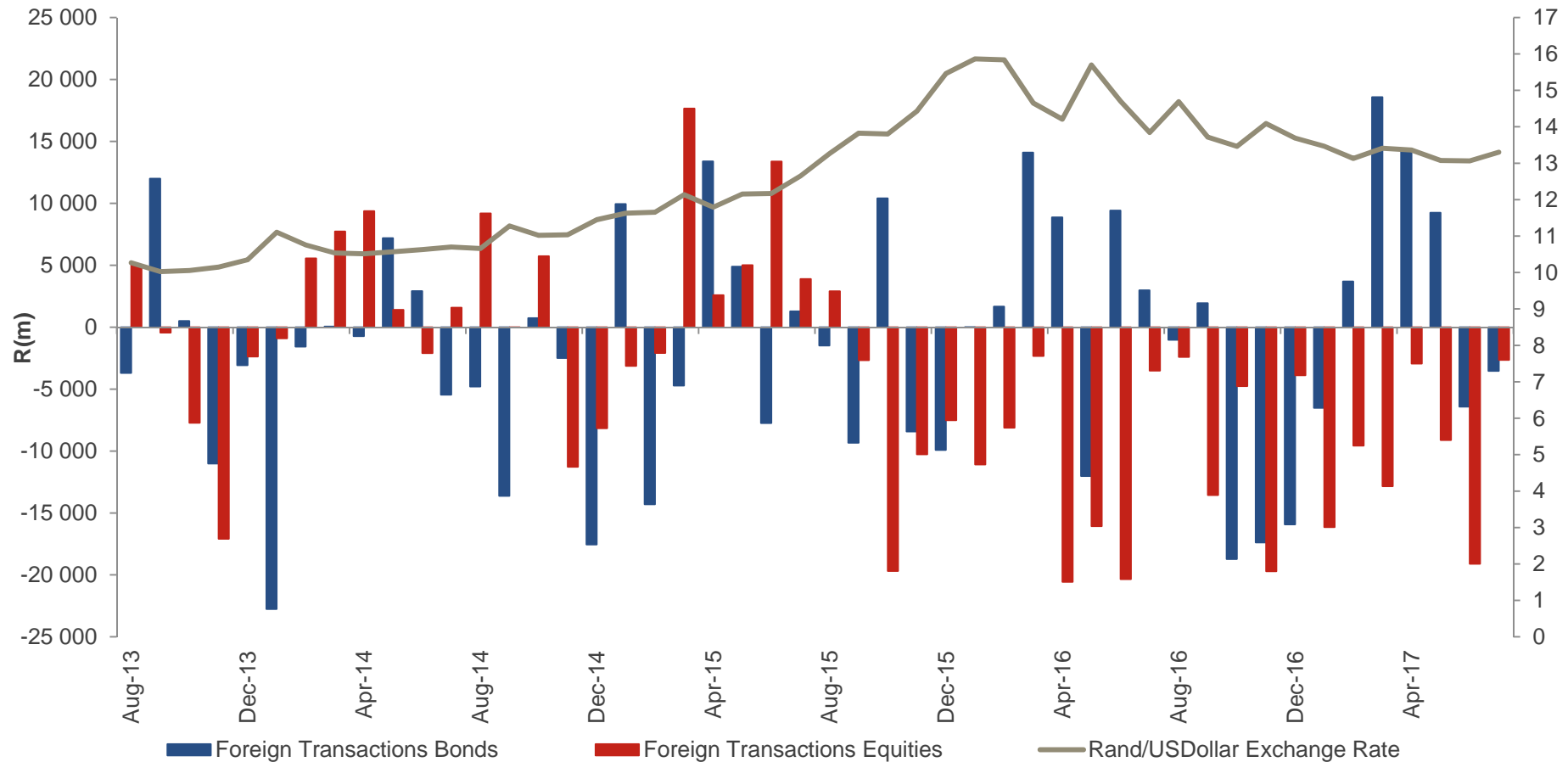


Source: INET BFA and Momentum Investments



Foreign transactions

2013 to 2017



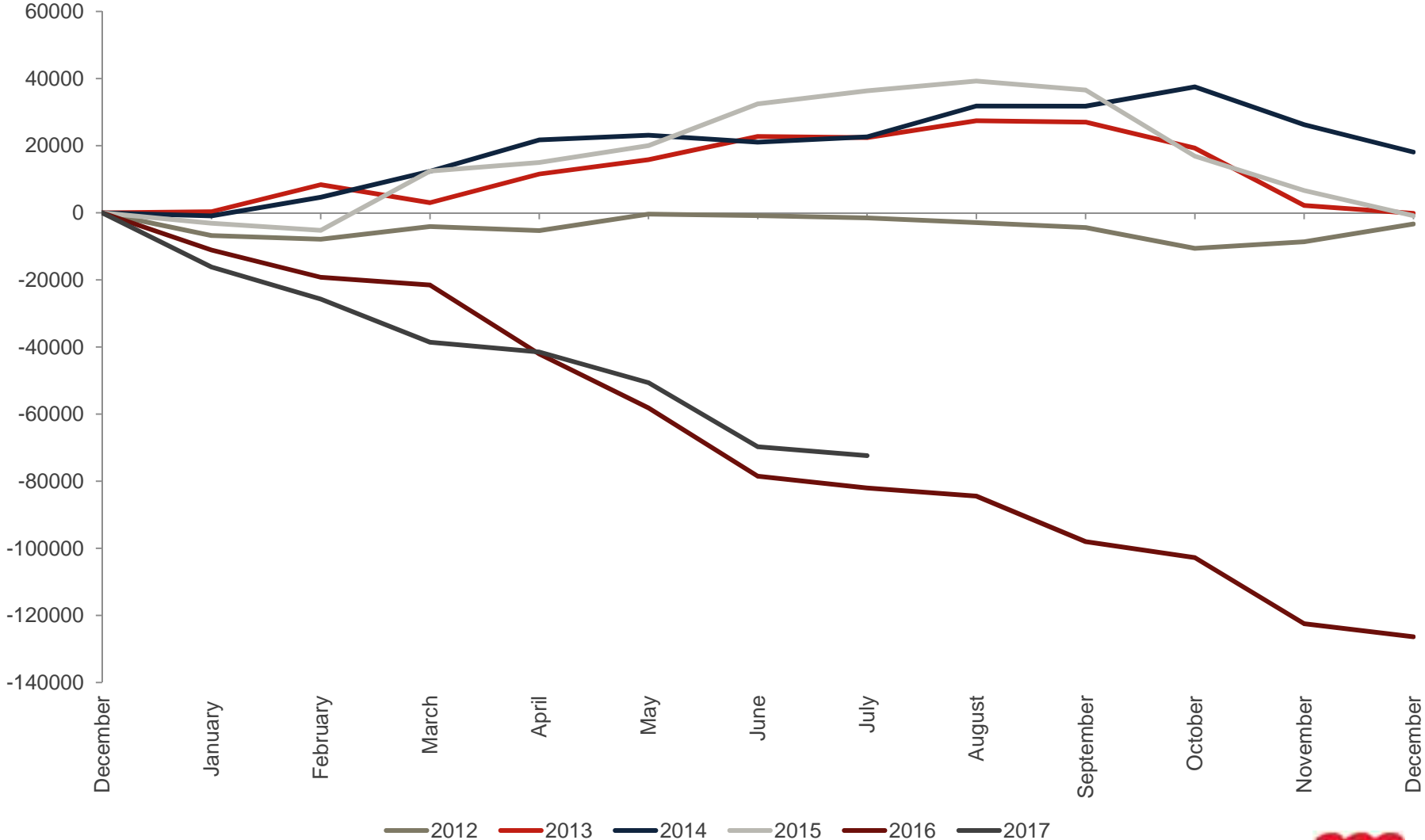
There have been mixed results over the years. However, for July 2017, net outflows have taken place for equities and bonds.

Source: INET BFA and Momentum Investments



Cumulative foreign transaction equities

2012 to 2017



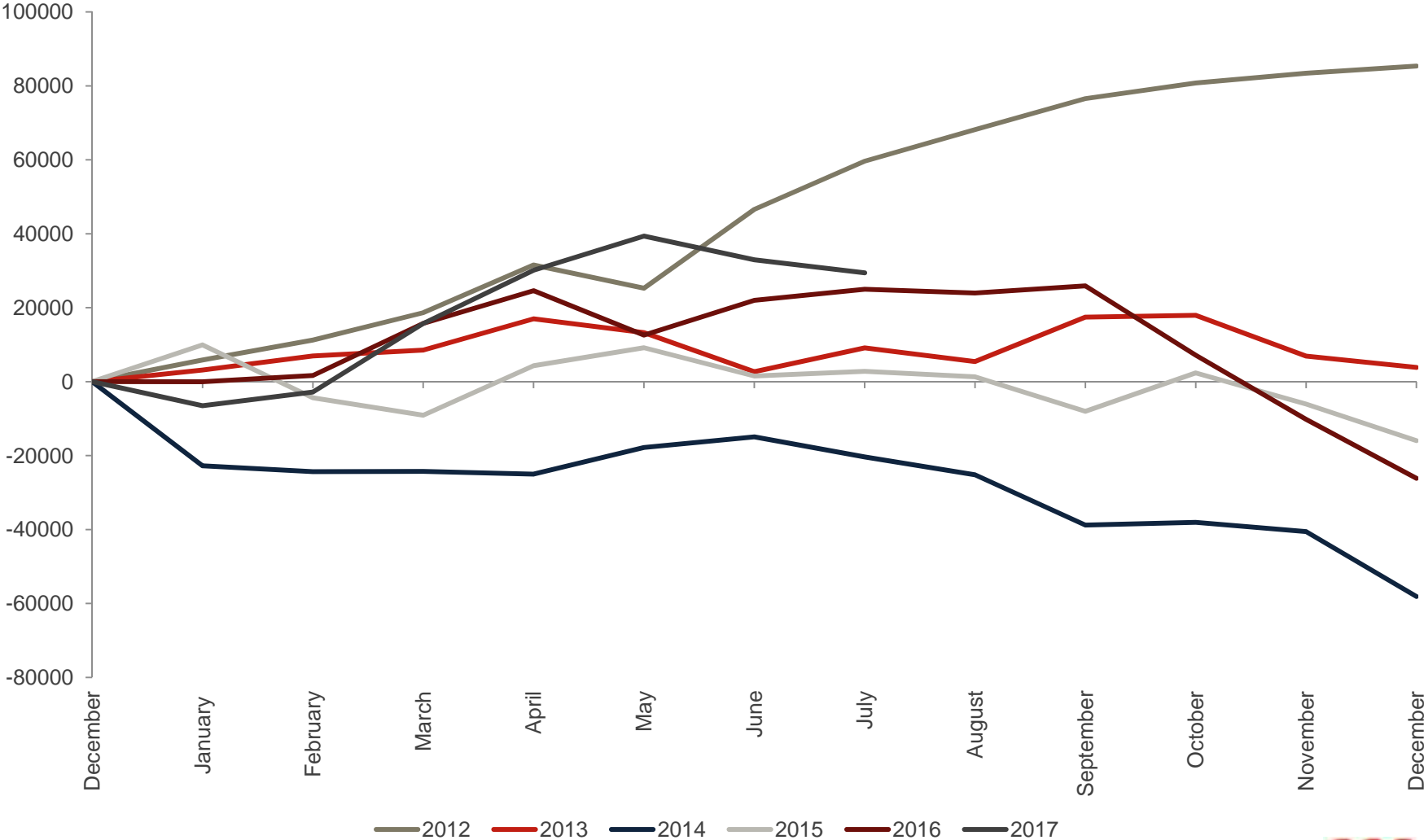
Source: INET BFA and Momentum Investments



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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 July 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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