



momentum
investments

Key market performance drivers

Monthly charts

June 2017

Signatory of:

 **PRI** | Principles for
Responsible
Investment

Market returns concentration

One-year returns ending:

June-17

	NASPERS	
	STANDARD BANK GP	
	ANGLO	
	SHOPRIT	
Top 5	CAPITEC	141%
Top 6	FIRSTRAND	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	
	FIRSTRAND	
	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%

April-17

	NASPERS	
	SAPPI	
	STANDARD BANK GP	
	ANGLO	
Top 5	SHOPRIT	122%
Top 6	BRITISH AMERICAN TOBACCO	128%
	FIRSTRAND	
	NEDBANK	
	BARWORLD	
Top 10	MONDI LTD	143%
	TIGBRANDS	
	MONDI PLC	
	CAPITEC	
	CLICKS GROUP LTD	
	SANLAM	
	KAP INTERNATIONAL HLDGS	
	TELKOM SA SOC LTD	
	GROWTHPOINT PROPS	
	PSG	
Top 20	EXXARO	167%
Remaining	(Positive)	25%
Negative	(68 Shares)	-93%

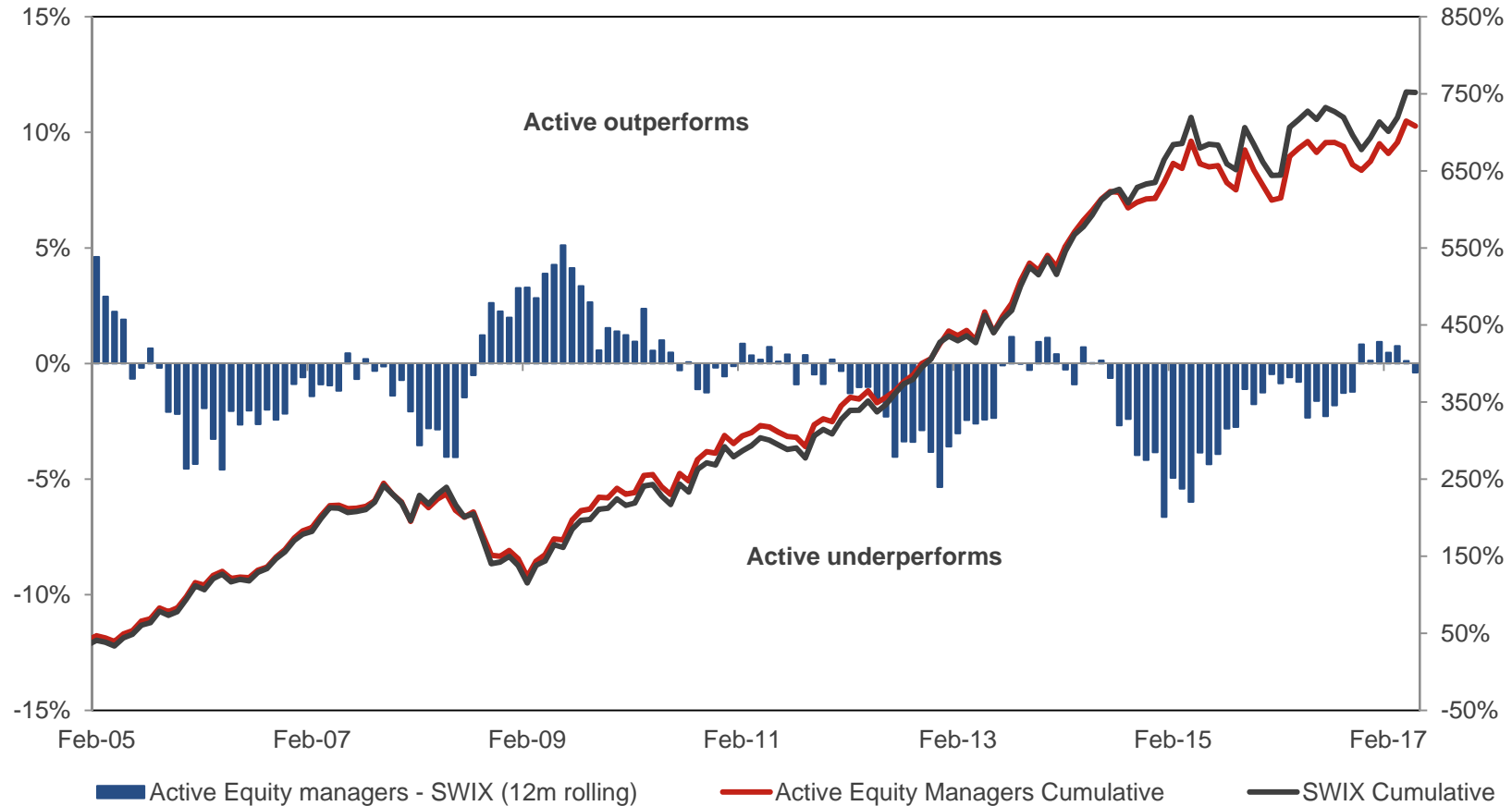
Market-cap weighted returns: 10 shares contributed 178% to the return of the SWIX, while 20 shares contributed 222%



Source: Barra, Deutsche Securities and Momentum Investments

Active-index analysis

One-year rolling active to May* 2017



Median of Active Equity Managers vs SWIX

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

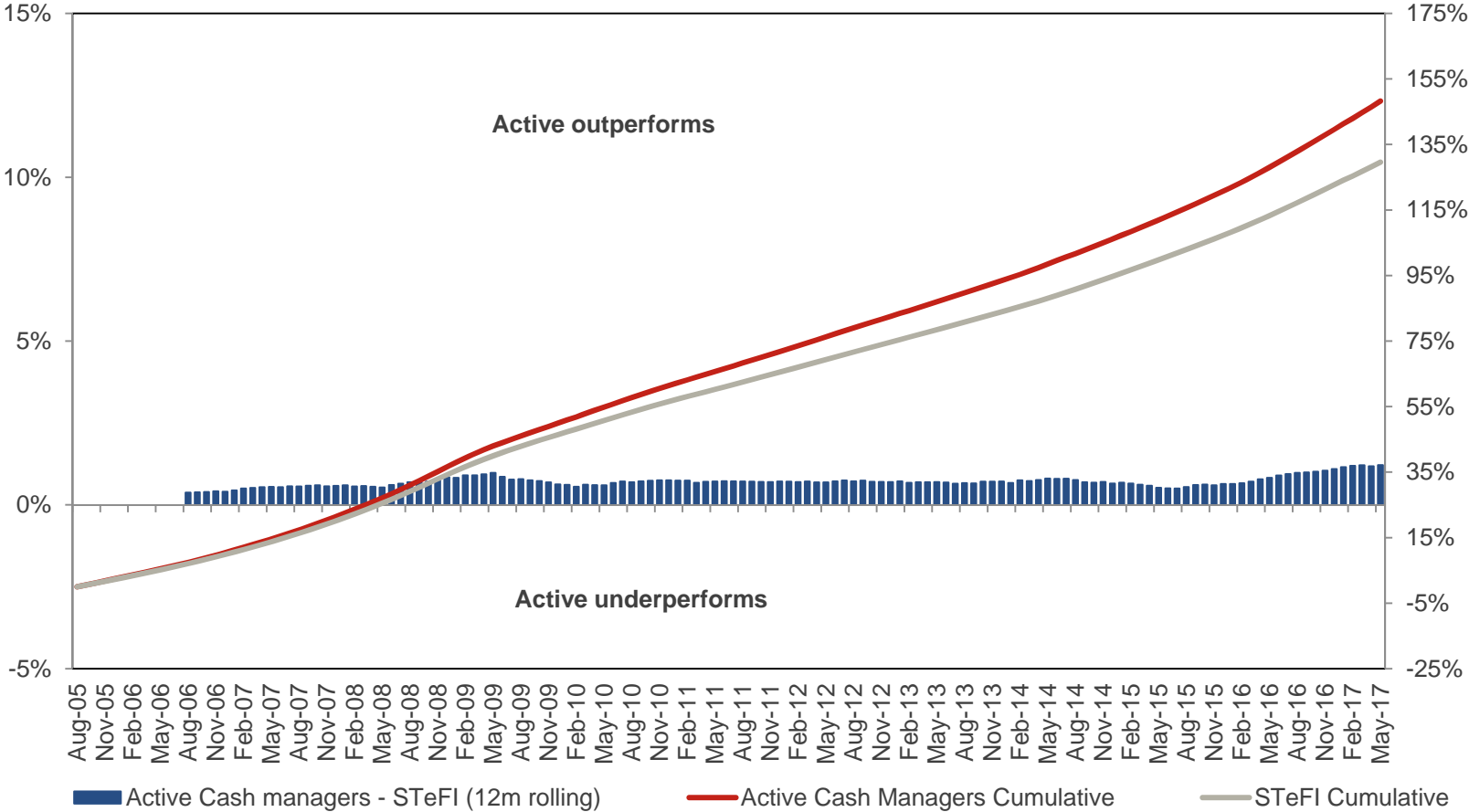
Source: Alexander Forbes SA Equity Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data



Active versus tracker: Cash

One-year rolling average to May* 2017



Median of Active Money Market Managers vs SteFI

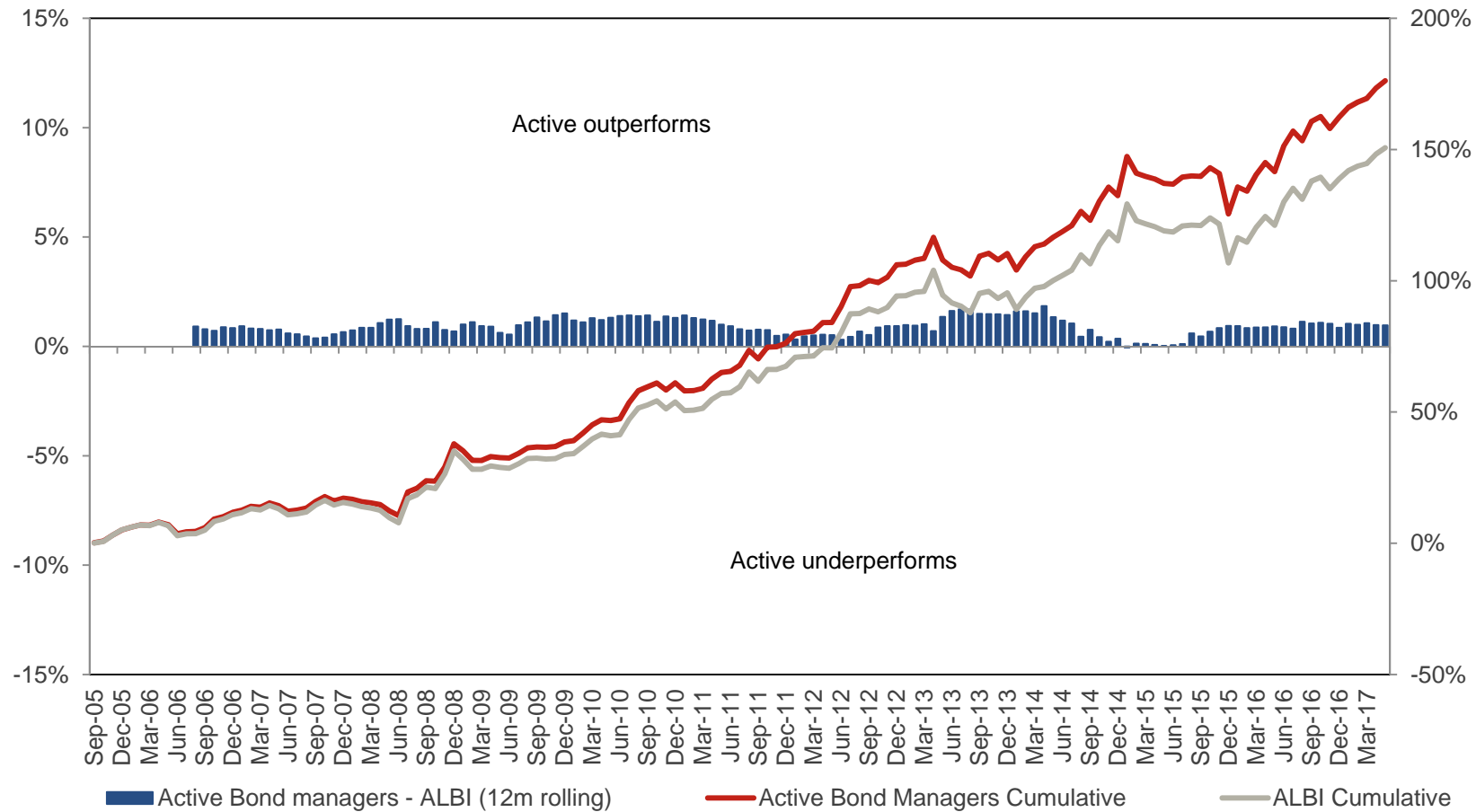
Source: Alexander Forbes SA Money Market Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data



Active versus tracker: Bonds

One-year rolling average to May* 2017



Median of Active Bond Managers vs ALBI

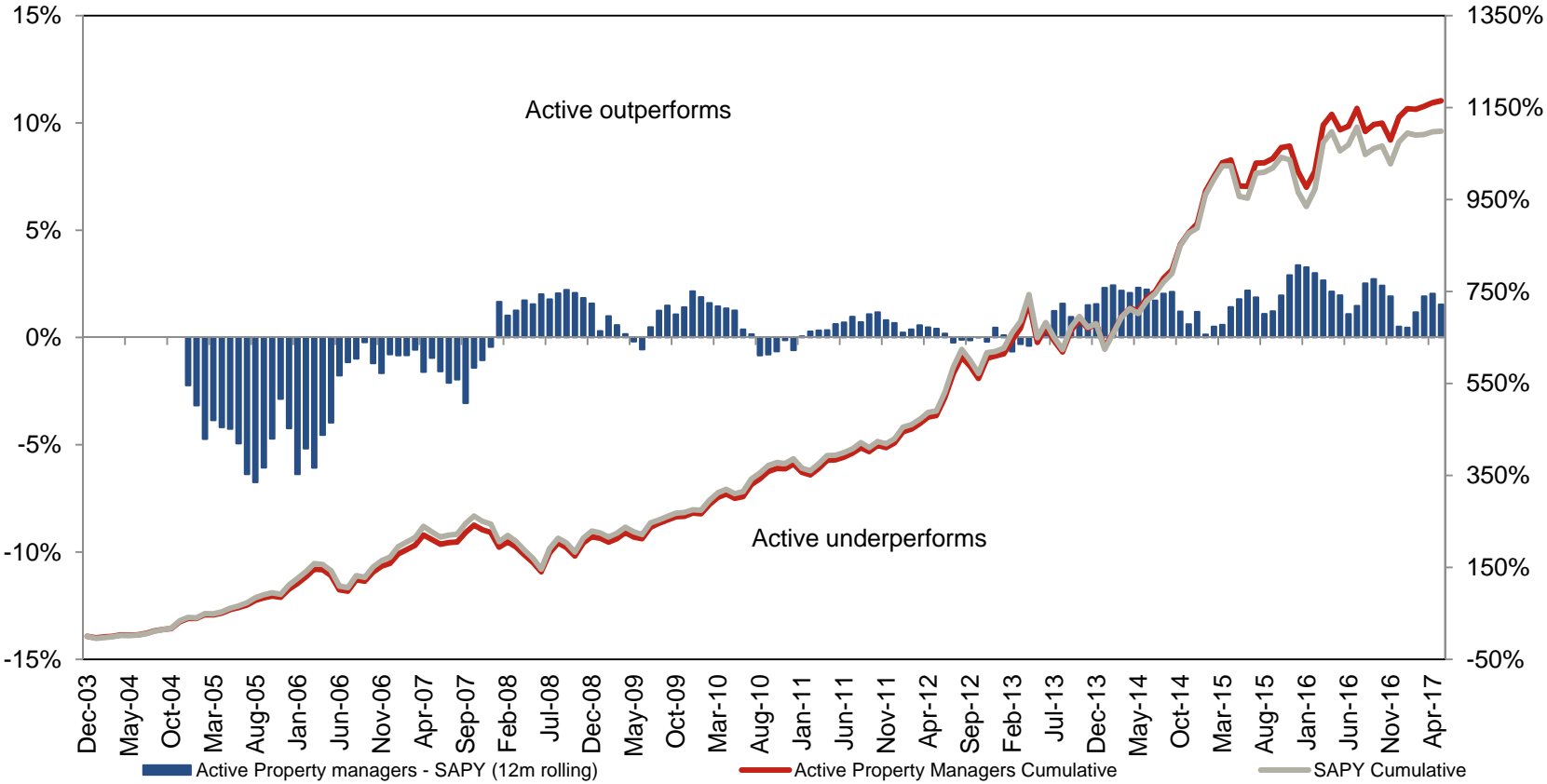
Source: Alexander Forbes SA Bond Manager Watch™, INET BFA and Momentum Investments

* Lagged by one month due to availability of data



Active versus tracker: Property

One-year rolling average to May* 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 June 2017

ZAR	Styles	One month to June 2017	Three months to June 2017	One year to June 2017	Three years to June 2017	Five years to June 2017	Ten years to June 2017	Twenty years to June 2017
Value	Book to Price	-0.62	-5.03	4.64	0.36	-2.46	-1.73	2.71
	Dividend Yield	0.43	-0.54	9.58	3.44	-0.35	2.51	5.08
	Earnings Yield	-0.52	-1.98	11.19	0.07	-0.87	-0.06	3.05
	Cash Flow Yield	-1.16	-2.67	11.73	1.80	0.82	0.00	3.61
	Sales to Price	-1.94	-2.92	4.97	-0.60	-2.43	-1.66	2.58
Quality	ROE	-0.47	2.06	-2.60	-1.47	-2.03	0.62	-1.93
	ROIC LT	-2.34	-1.73	4.81	-0.72	-1.04	-0.57	-2.51
	Income to Sales	0.58	0.81	-1.09	-1.44	0.10	0.88	-0.95
	Low market beta	0.23	2.05	-0.60	6.15	5.54	-1.62	1.69
	Low Debt/Equity	1.00	-2.67	-1.30	-2.35	-1.09	-2.81	-1.13
	EBIT Margin Stability	-2.86	-1.59	-3.92	4.21	2.86	3.28	-0.90
Growth	Earnings Growth	-0.32	-0.68	7.20	0.34	-0.03	-2.07	-0.99
	Sales Growth	-0.11	1.68	1.46	-0.32	0.42	0.85	0.28
	12M Earning Growth	-0.29	-0.49	-11.39	-3.18	-3.83	0.75	5.28
Momentum	FY1 Earnings Revisions	-1.35	0.01	-3.42	3.52	4.63	9.79	7.89
	Short Term Momentum	-1.01	-5.18	-10.63	2.40	1.16	-0.43	-1.82
	Medium Term Momentum	-0.64	-2.41	-10.58	1.24	4.73	3.74	6.36
Size	Size	-0.44	4.05	-6.13	-2.34	-1.86	1.12	-0.78

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

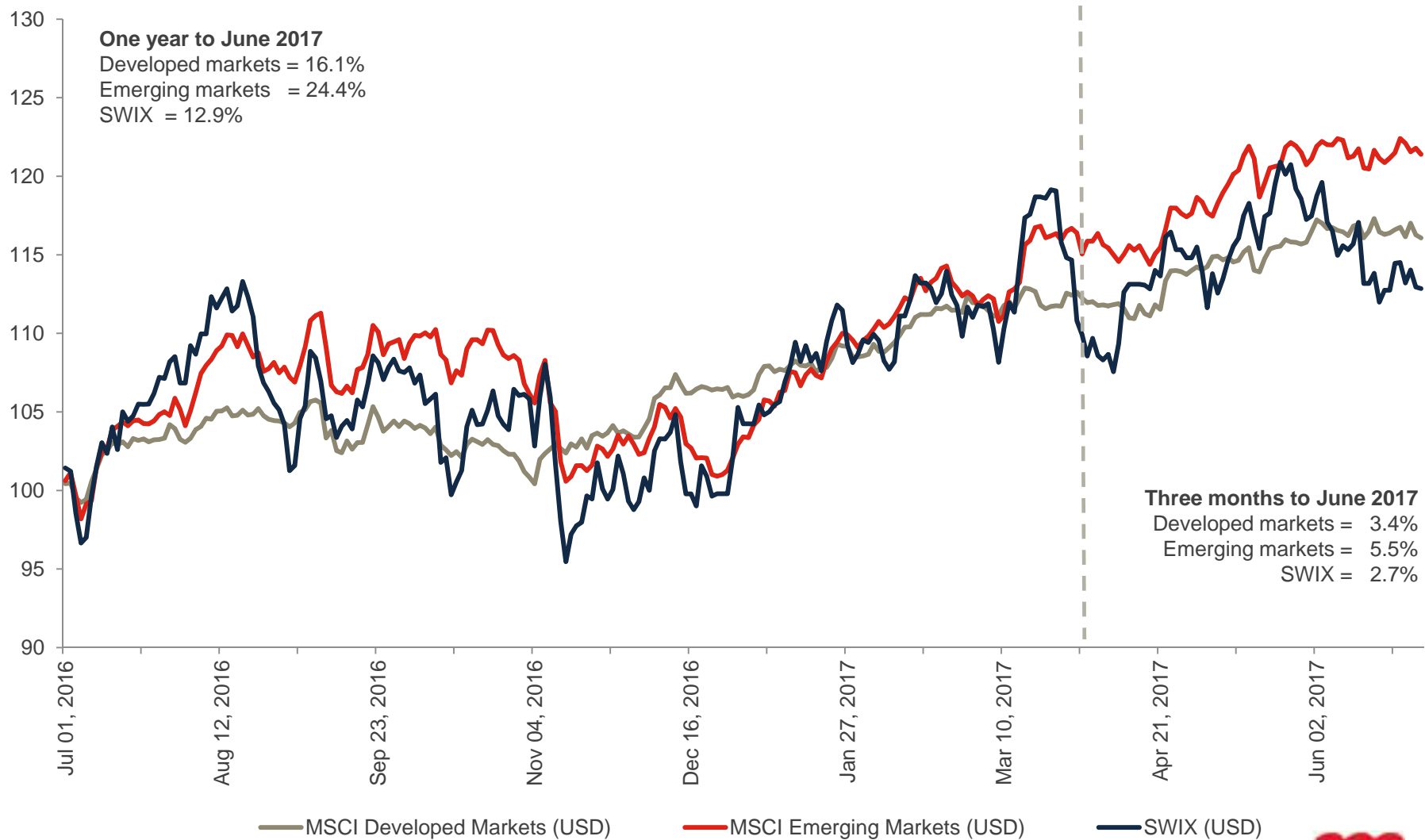
Source: FactSet , Momentum Global Investment Management and Momentum Investments



investments

MSCI developed and emerging markets

One year to June 2017

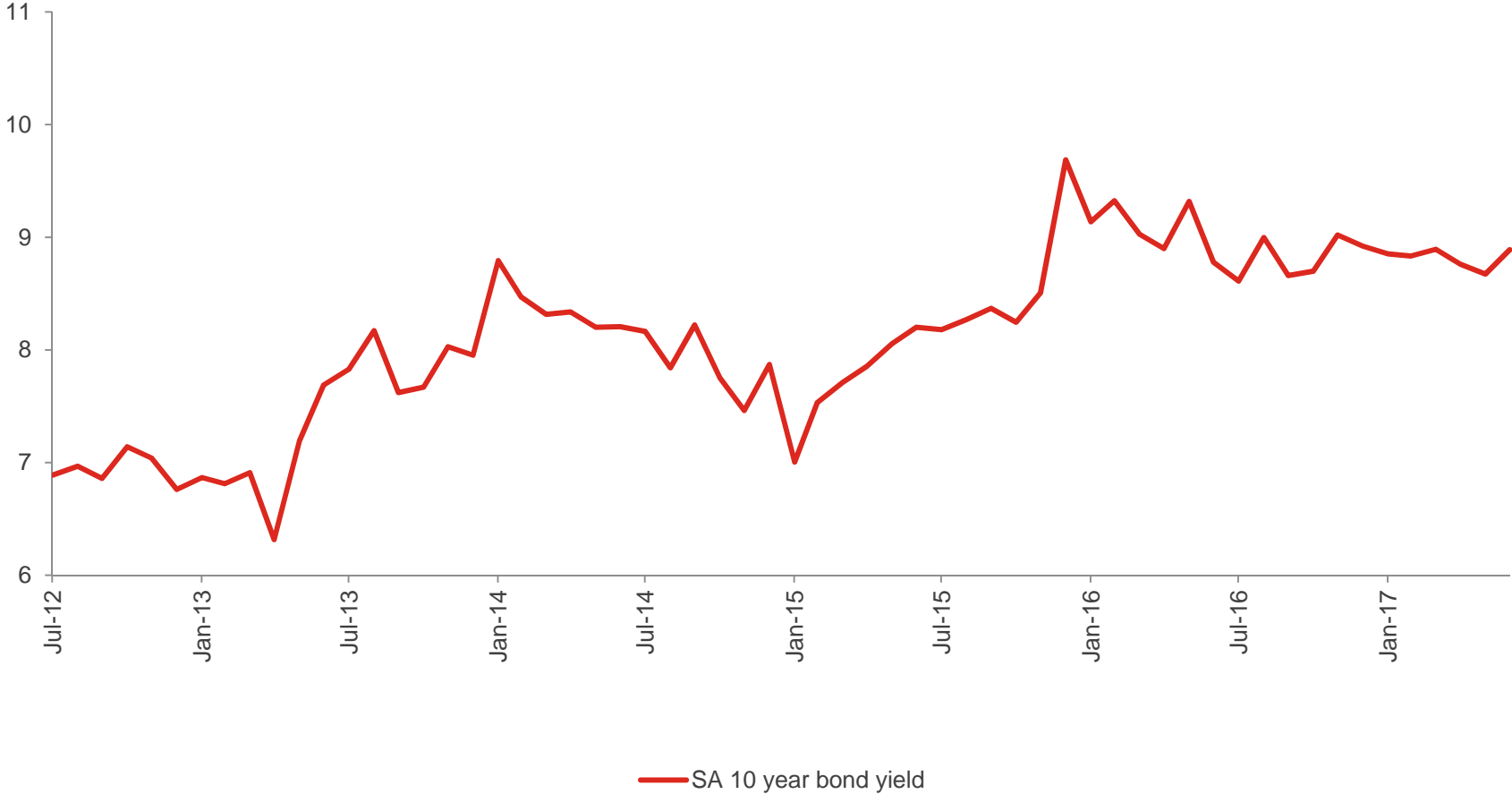


Source: INET BFA, MSCI and Momentum Investments



SA 10-year bond yields

Five years to June 2017



SA 10-year bond yields increased for June 2017

Source: INET BFA and Momentum Investments



Yield of R197 (inflation-linked bond)

Since May 2001 to June 2017



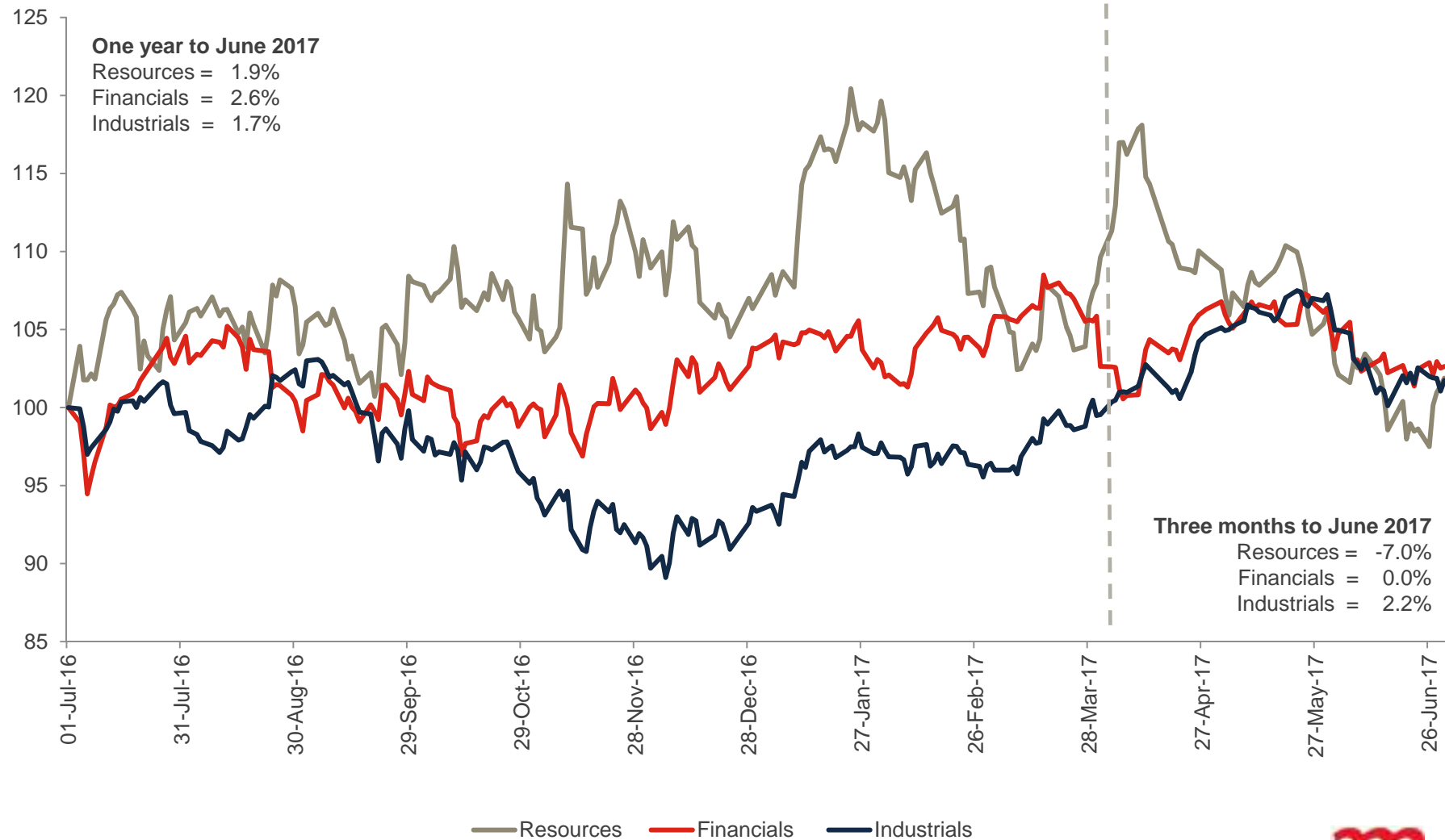
Inflation-linked bond yields were 11 bps higher for June 2017

Source: INET BFA and Momentum Investments



FTSE/JSE sectors

One year to June 2017

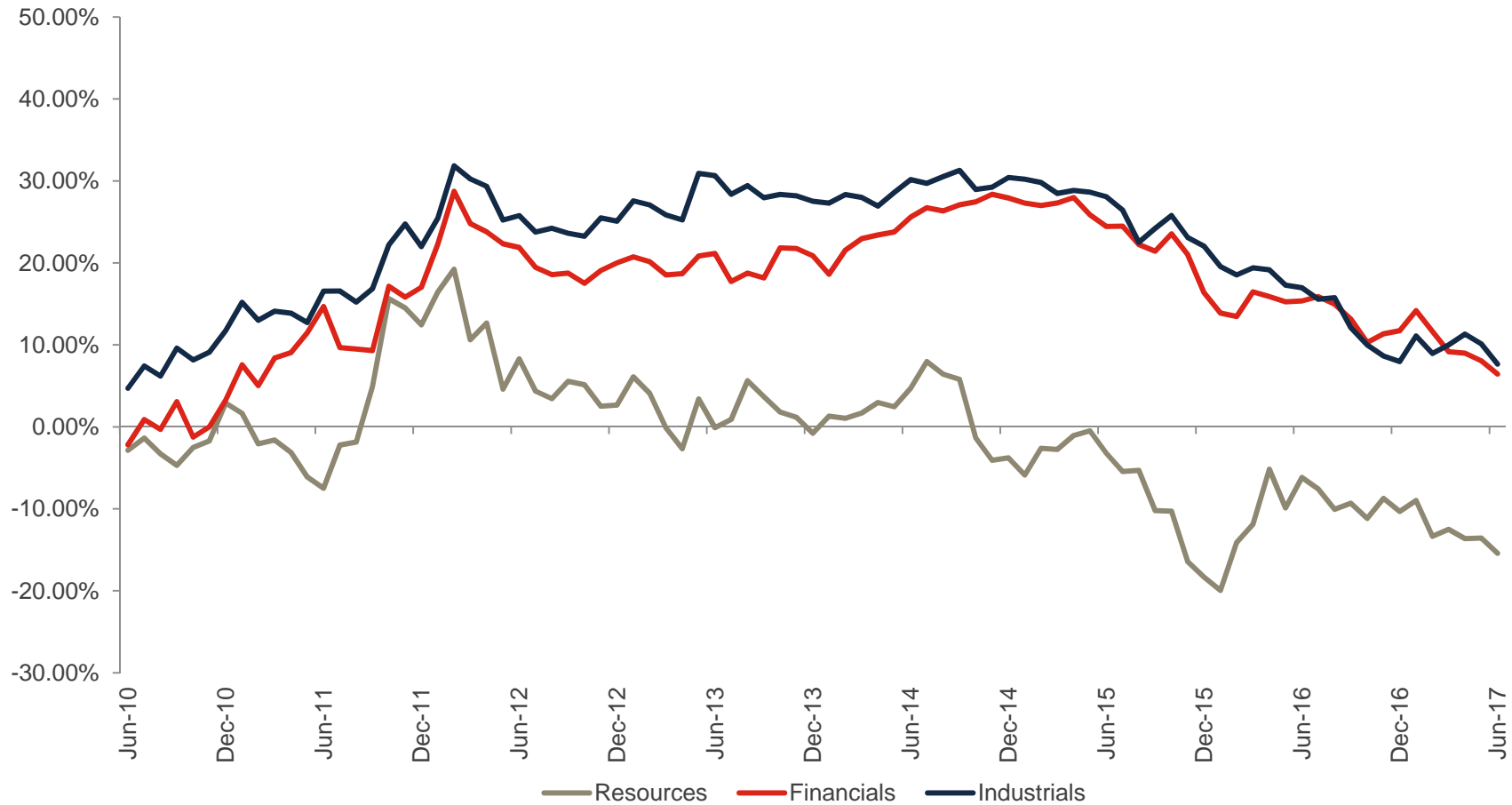


Source: INET BFA and Momentum Investments



FTSE/JSE sectors

Rolling three-year return to June 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



FTSE/JSE sectors

Decomposed

Three months to June 2017

1	Media	Consumer Services	9.9%	19	Electronic & Electrical Equipment	Industrials	-1.9%
2	Real Estate Investment & Services	Financials	9.4%	20	Mobile Telecommunications	Telecommunication	-2.2%
3	Food & Drug Retailers	Consumer Services	5.3%	21	Industrial Transportation	Industrials	-4.0%
4	Forestry & Paper	Basic Materials	4.6%	22	Non-life Insurance	Financials	-6.0%
5	Household Goods	Consumer Goods	4.5%	23	Chemicals	Basic Materials	-6.6%
6	Pharmaceuticals & Biotechnology	Health Care	3.7%	24	General Mining	Mining	-7.8%
7	Personal Goods	Consumer Goods	2.0%	25	Food Producers	Consumer Goods	-8.3%
8	Tobacco	Consumer Goods	1.4%	26	General Retailers	Consumer Services	-11.0%
9	General Industrials	Industrials	1.3%	27	Construction & Materials	Industrials	-11.6%
10	Banks	Financials	0.9%	28	Gold Mining	Mining	-12.3%
11	Software & Computer Services	Technology	0.4%	29	Support Services	Industrials	-12.6%
12	Beverages	Consumer Goods	0.3%	30	Fixed Line Telecommunications	Telecommunication	-14.0%
13	Health Care Equipment & Services	Health Care	-0.7%	31	Platinum Mining	Mining	-14.7%
14	Real Estate Investment Trusts	Financials	-0.8%	32	Industrial Metals	Basic Materials	-16.3%
15	Equity Investment Instruments	Financials	-0.9%	33	Coal Mining	Mining	-18.1%
16	Industrial Engineering	Industrials	-1.2%	34	Travel & Leisure	Consumer Services	-18.2%
17	General Financial	Financials	-1.3%	35	Automobiles & Parts	Consumer Goods	-22.9%
18	Life Insurance	Financials	-1.8%				

Key

Resources

Financials

Industrials

Source: Barra, Deutsche Securities and Momentum Investments



investments

FTSE/JSE sectors

Decomposed

One year to June 2017

1	Coal Mining	Mining	44.7%	19	Fixed Line Telecommunications	Telecommunication	-0.9%
2	Personal Goods	Consumer Goods	31.5%	20	Tobacco	Consumer Goods	-1.1%
3	Forestry & Paper	Basic Materials	30.1%	21	Equity Investment Instruments	Financials	-2.0%
4	Industrial Metals	Basic Materials	20.6%	22	Life Insurance	Financials	-2.3%
5	General Mining	Mining	17.9%	23	Chemicals	Basic Materials	-2.7%
6	Banks	Financials	15.4%	24	Real Estate Investment & Services	Financials	-3.5%
7	Media	Consumer Services	13.8%	25	Automobiles & Parts	Consumer Goods	-4.2%
8	Construction & Materials	Industrials	13.8%	26	General Financial	Financials	-7.0%
9	Non-life Insurance	Financials	11.9%	27	Mobile Telecommunications	Telecommunication	-11.5%
10	Software & Computer Services	Technology	10.2%	28	Travel & Leisure	Consumer Services	-13.0%
11	Industrial Engineering	Industrials	7.7%	29	General Retailers	Consumer Services	-13.1%
12	Food & Drug Retailers	Consumer Services	7.0%	30	Household Goods	Consumer Goods	-17.7%
13	Electronic & Electrical Equipment	Industrials	6.5%	31	Pharmaceuticals & Biotechnology	Health Care	-18.5%
14	Industrial Transportation	Industrials	4.0%	32	Beverages	Consumer Goods	-19.3%
15	Food Producers	Consumer Goods	2.4%	33	Platinum Mining	Mining	-24.6%
16	General Industrials	Industrials	0.4%	34	Health Care Equipment & Services	Health Care	-27.8%
17	Real Estate Investment Trusts	Financials	0.2%	35	Gold Mining	Mining	-47.9%
18	Support Services	Industrials	0.0%				

Key

Resources

Financials

Industrials

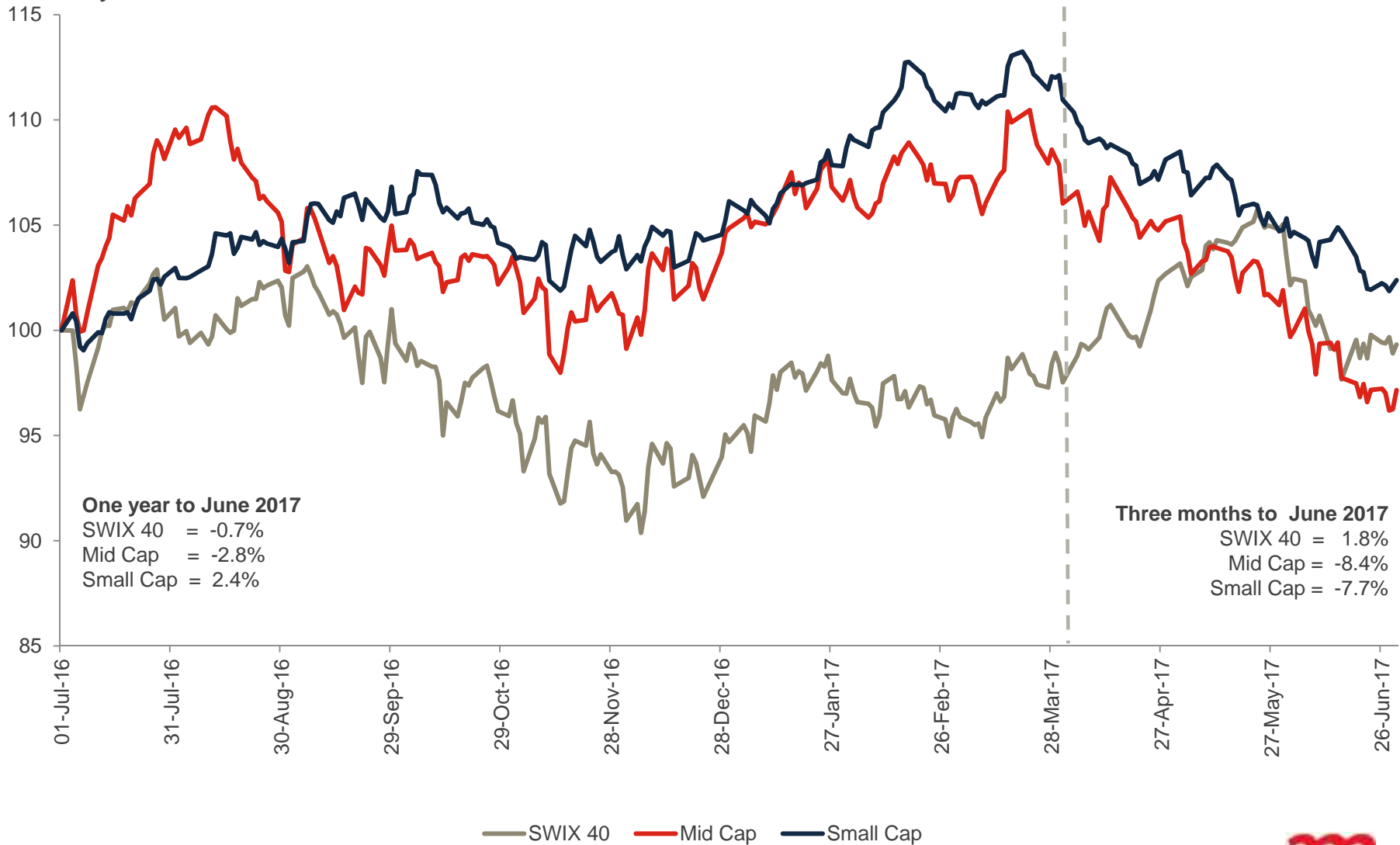
Source: Barra, Deutsche Securities and Momentum Investments



investments

FTSE/JSE market caps

One year to June 2017



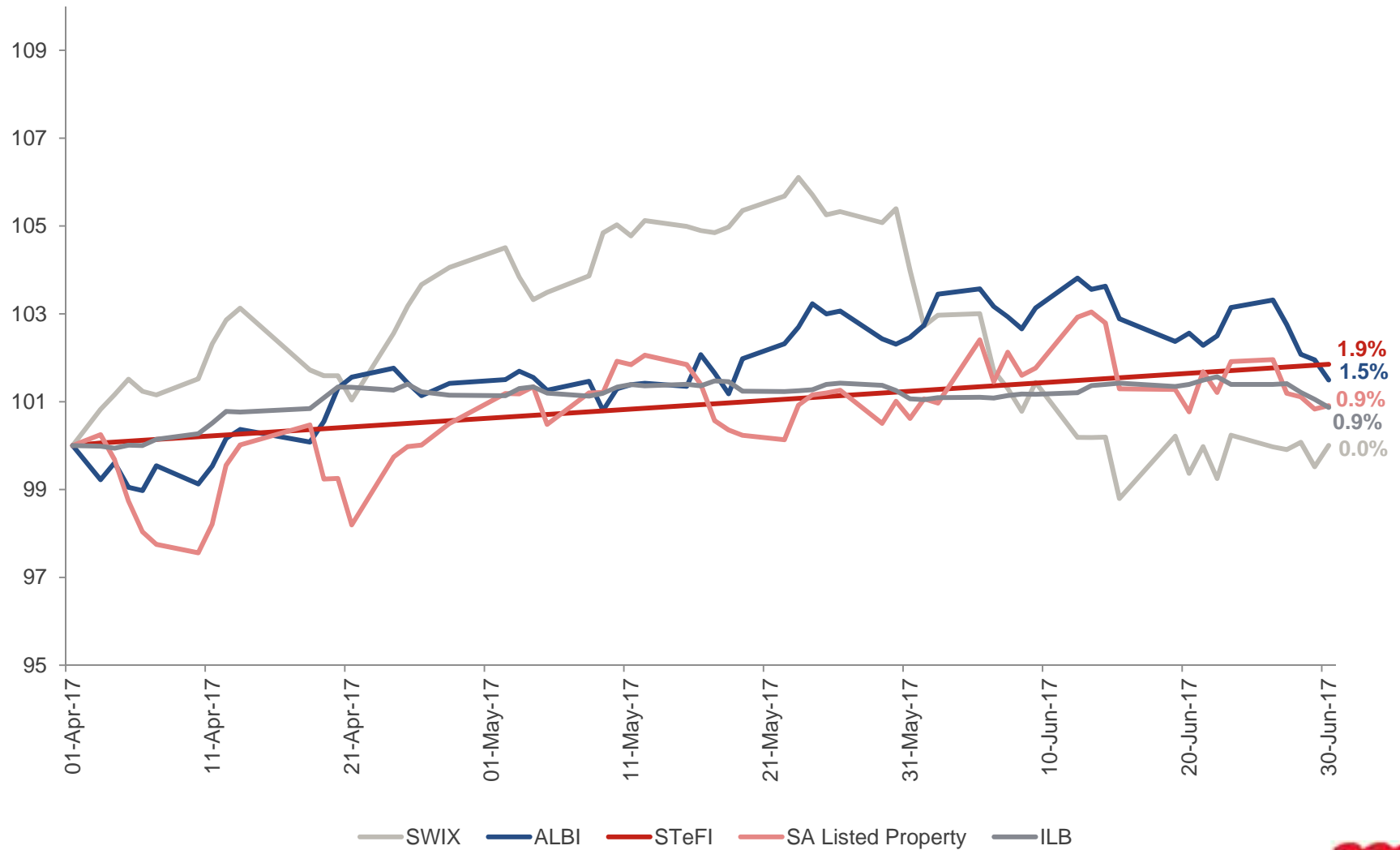
Source: INET BFA and Momentum Investments



investments

Local asset classes

Three months to June 2017

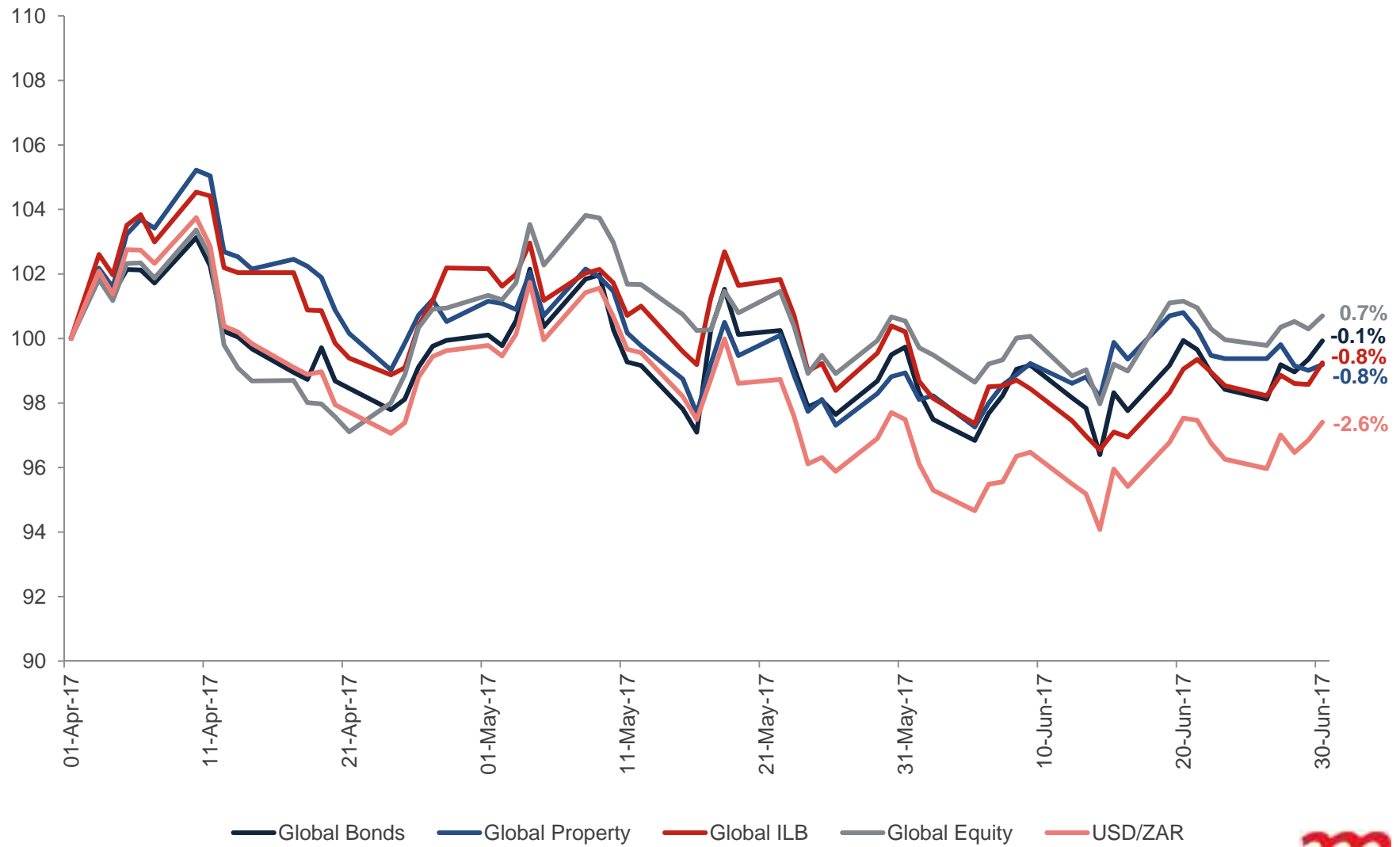


Source: INET BFA and Momentum Investments



Global asset classes

Three months to June 2017

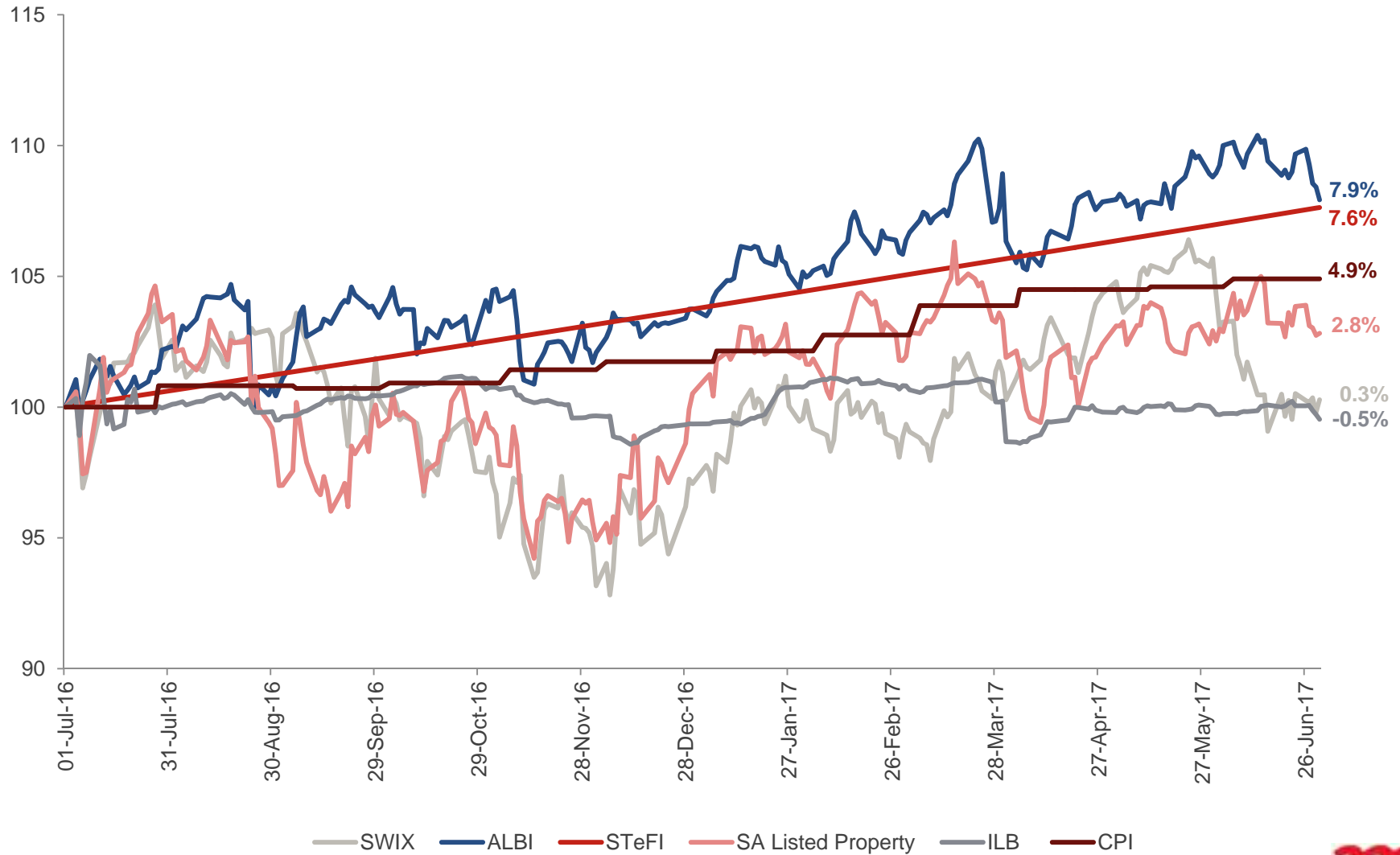


Source: INET BFA and Momentum Investments



Local asset classes

One year to June 2017



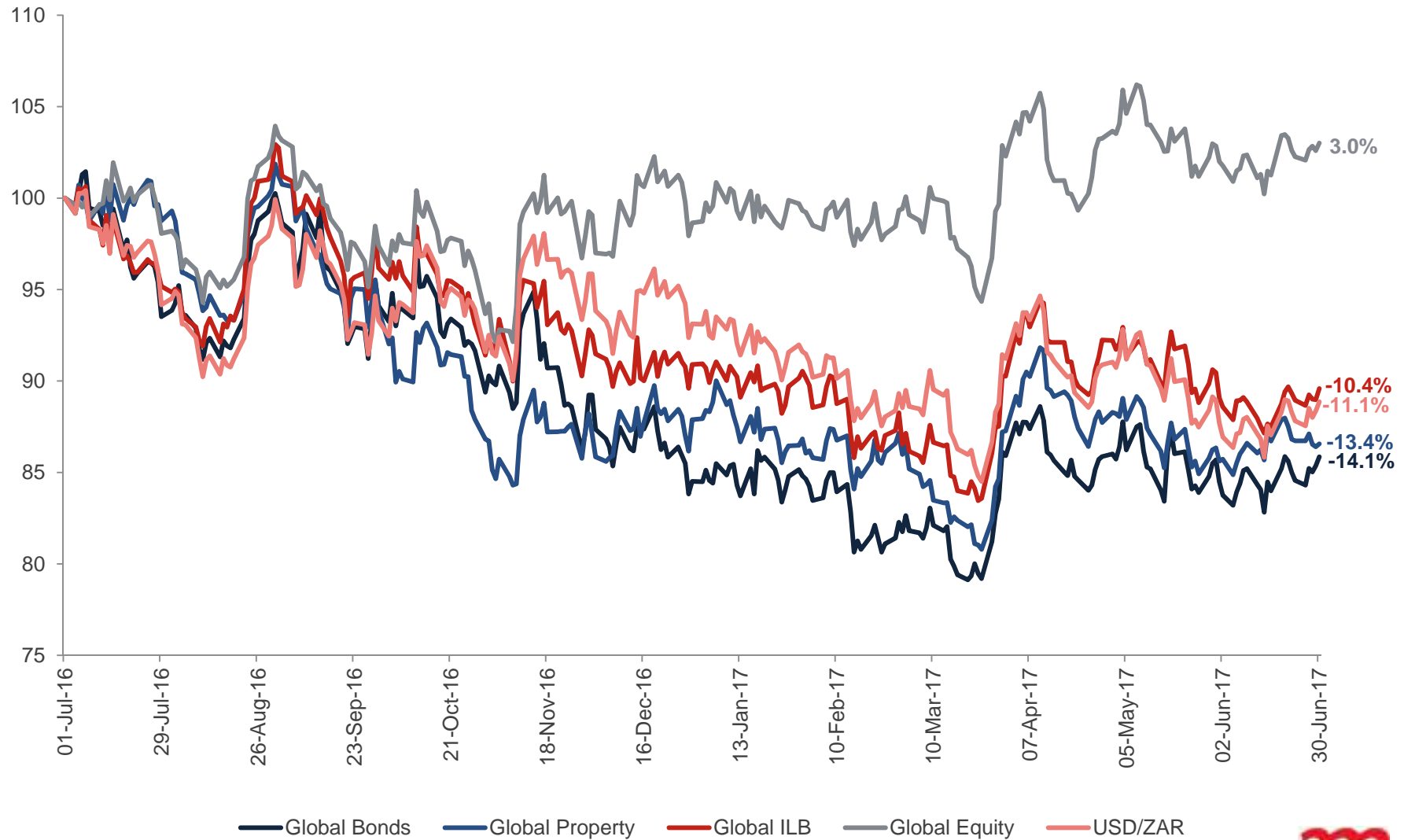
Source: INET BFA and Momentum Investments

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



Global asset classes

One year to June 2017



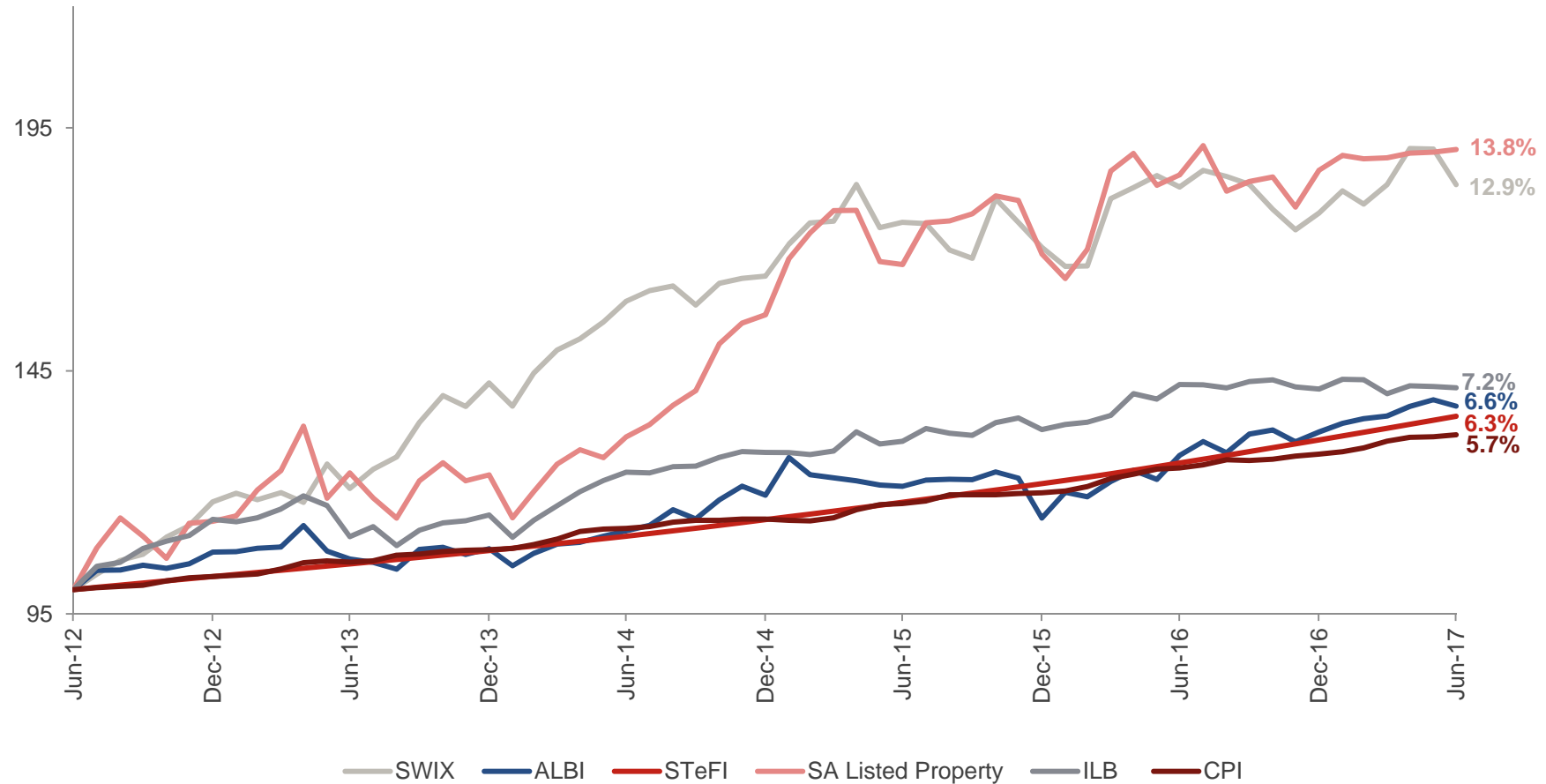
Source: INET BFA and Momentum Investments

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



Local asset classes

Five years to June 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%).

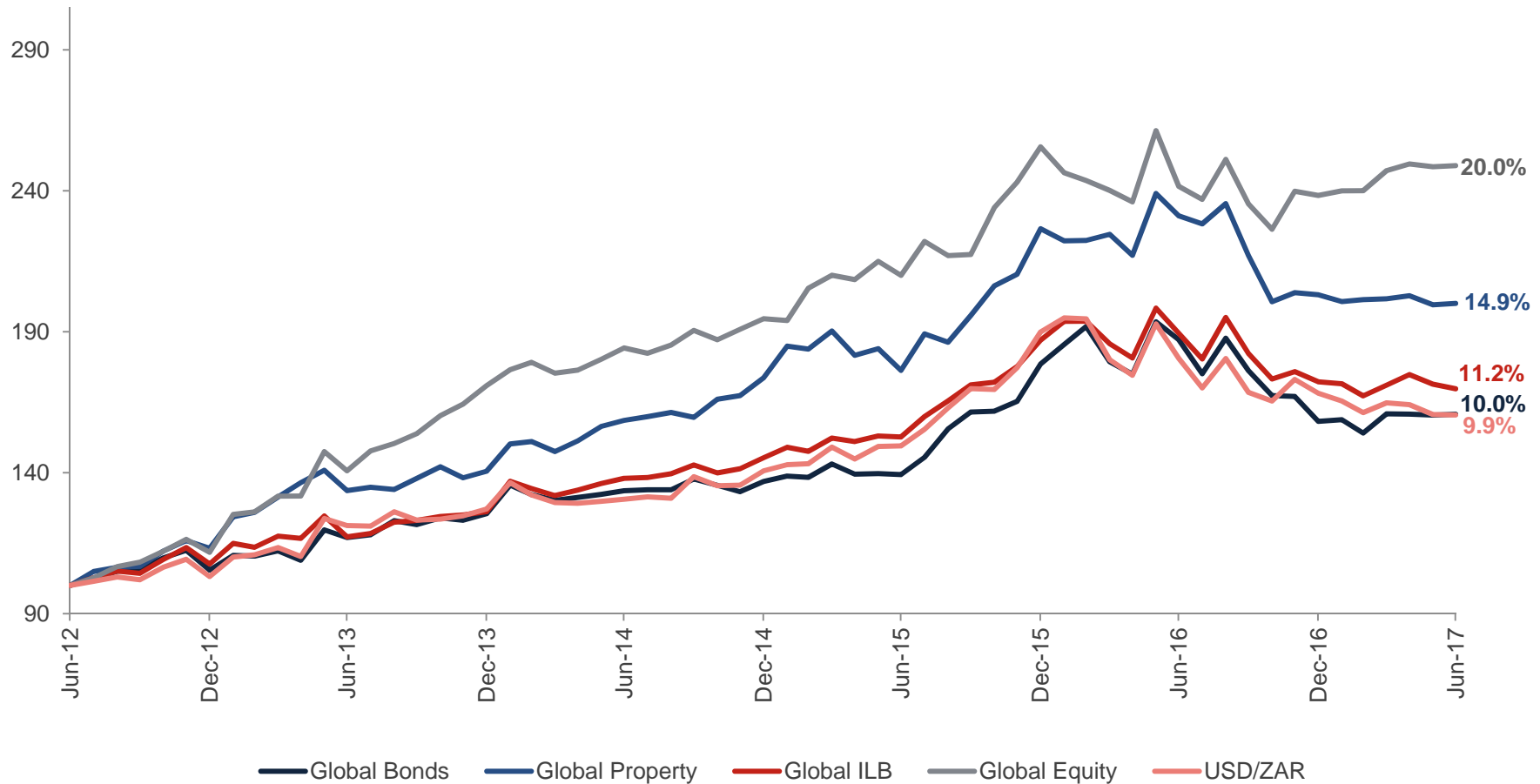
Source: INET BFA and Momentum Investments

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



Global asset classes

Five years to June 2017



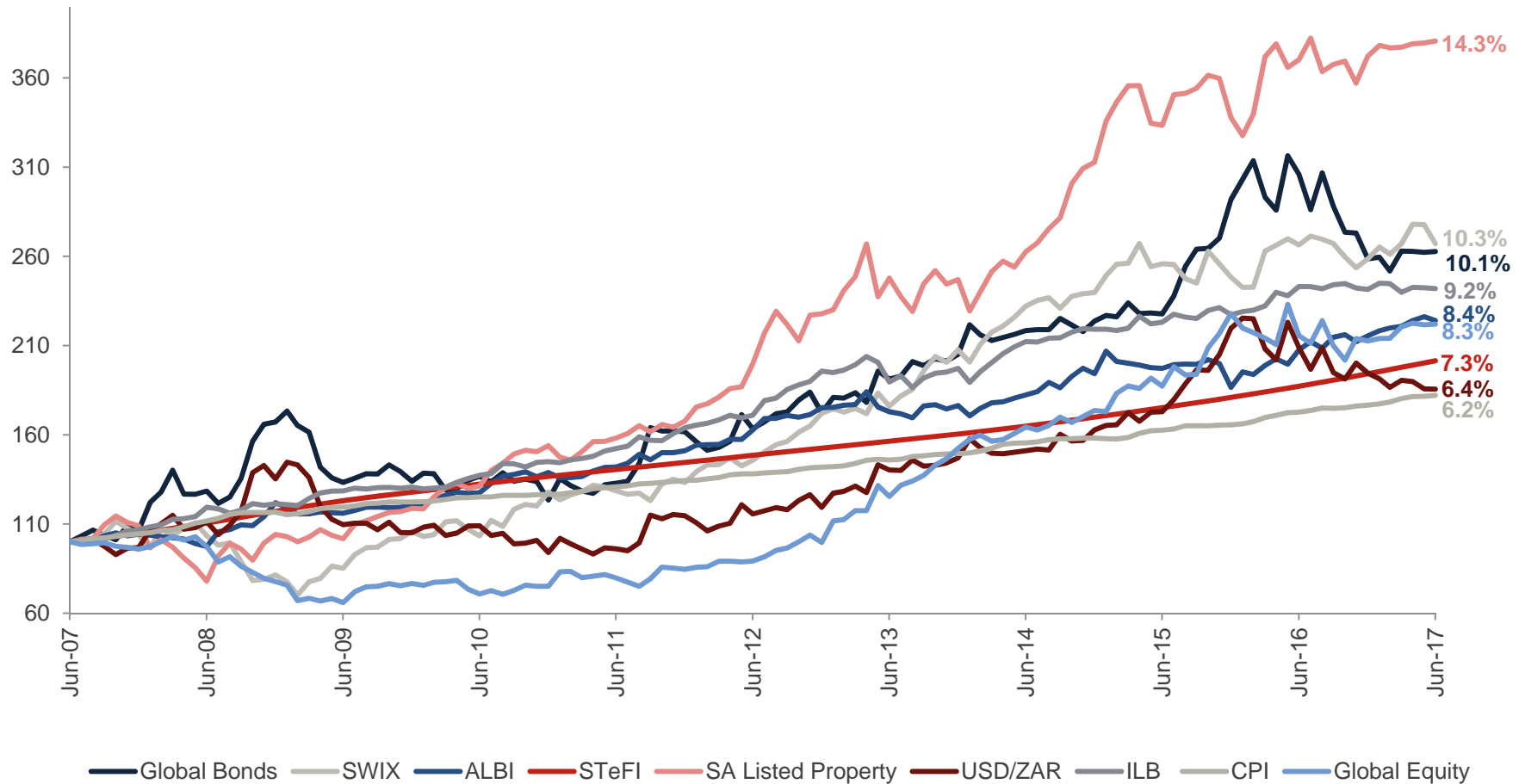
Global equity had the best return for the five-year period, with 20.0%, followed by global property with 14.9%

Source: INET BFA and Momentum Investments



Asset classes

Ten years to June 2017



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

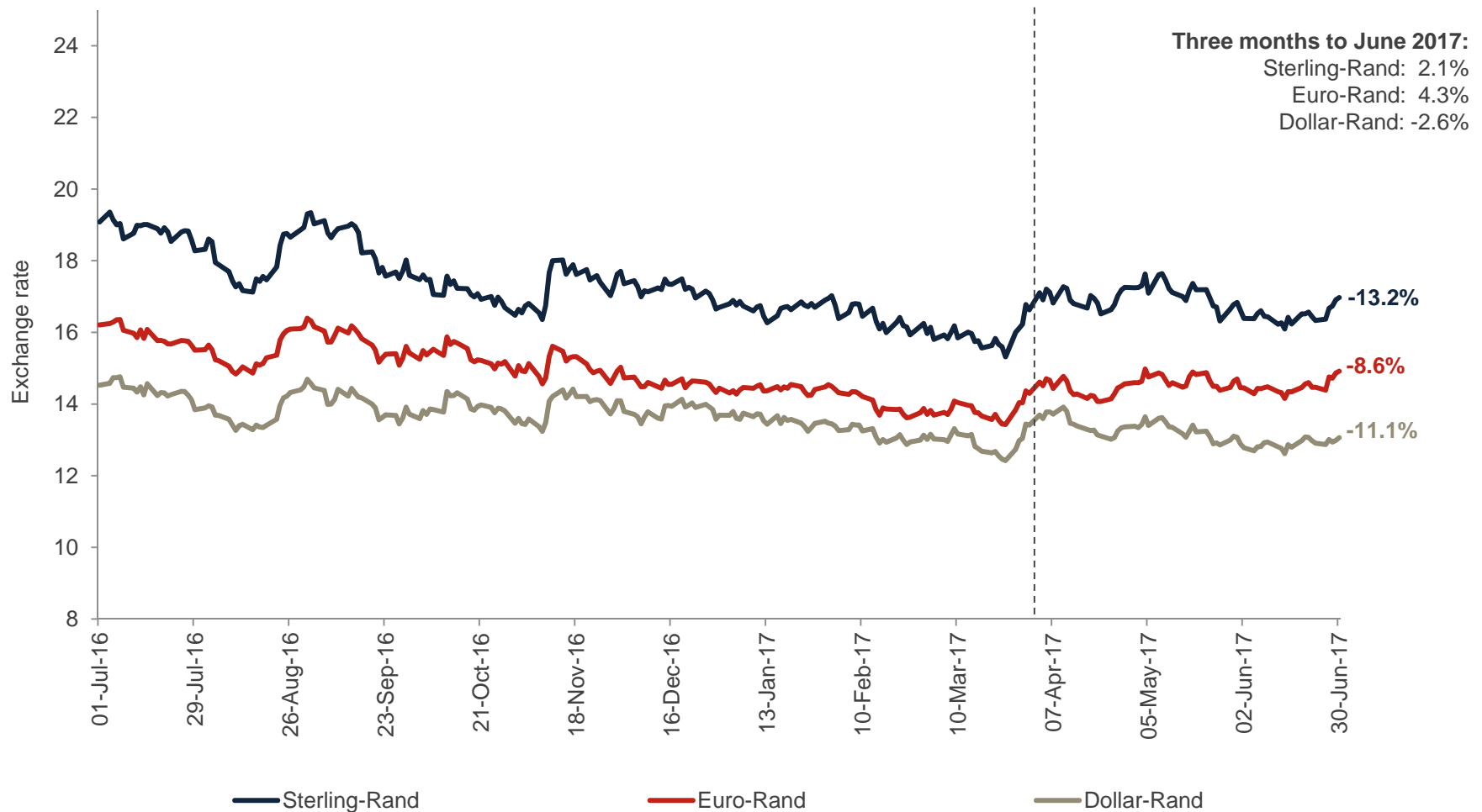
Source: INET BFA and Momentum Investments

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



Exchange rates

One year to June 2017



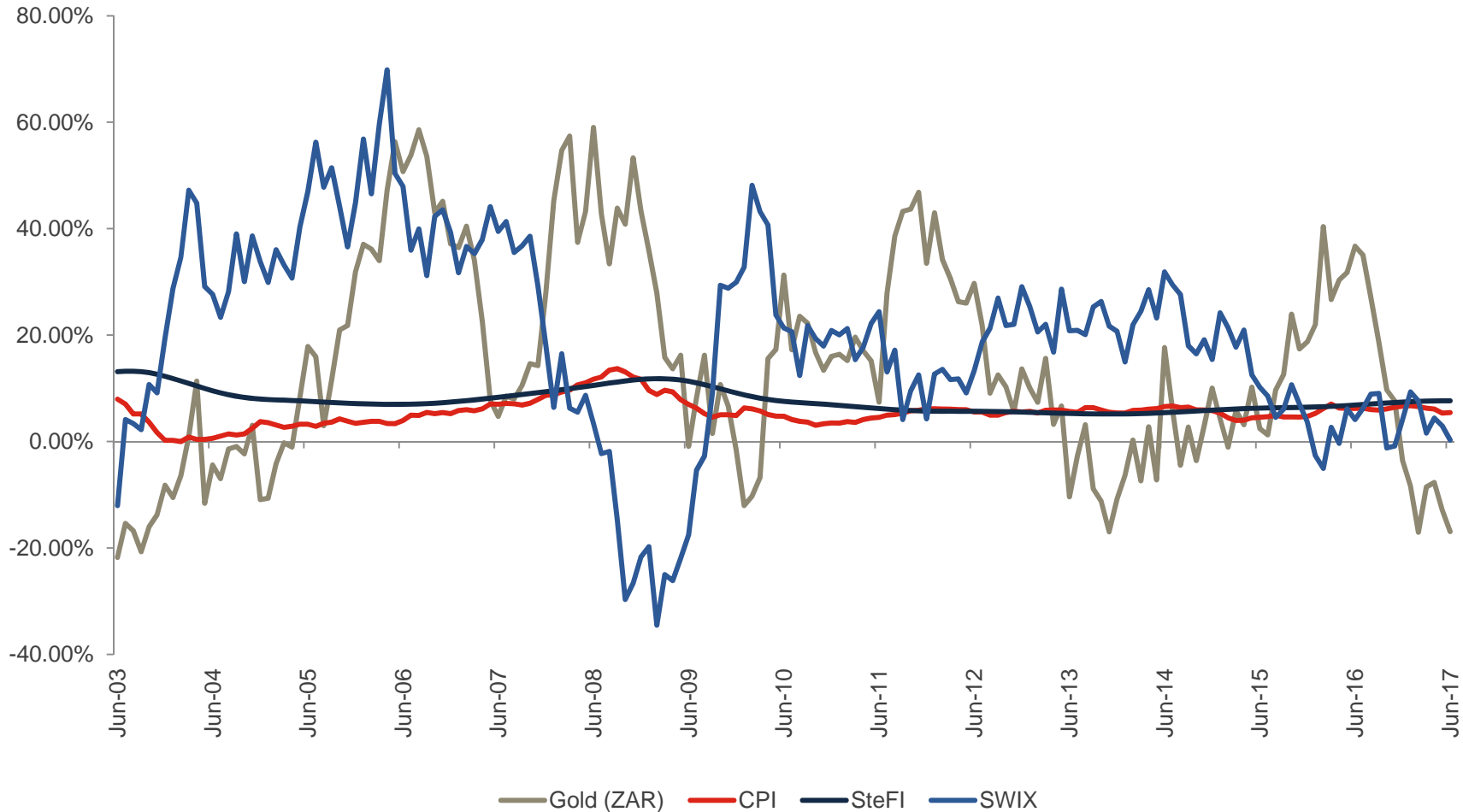
The rand appreciated against all currencies for the one-year period

Source: INET BFA and Momentum Investments



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

One-year rolling returns to June 2017



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

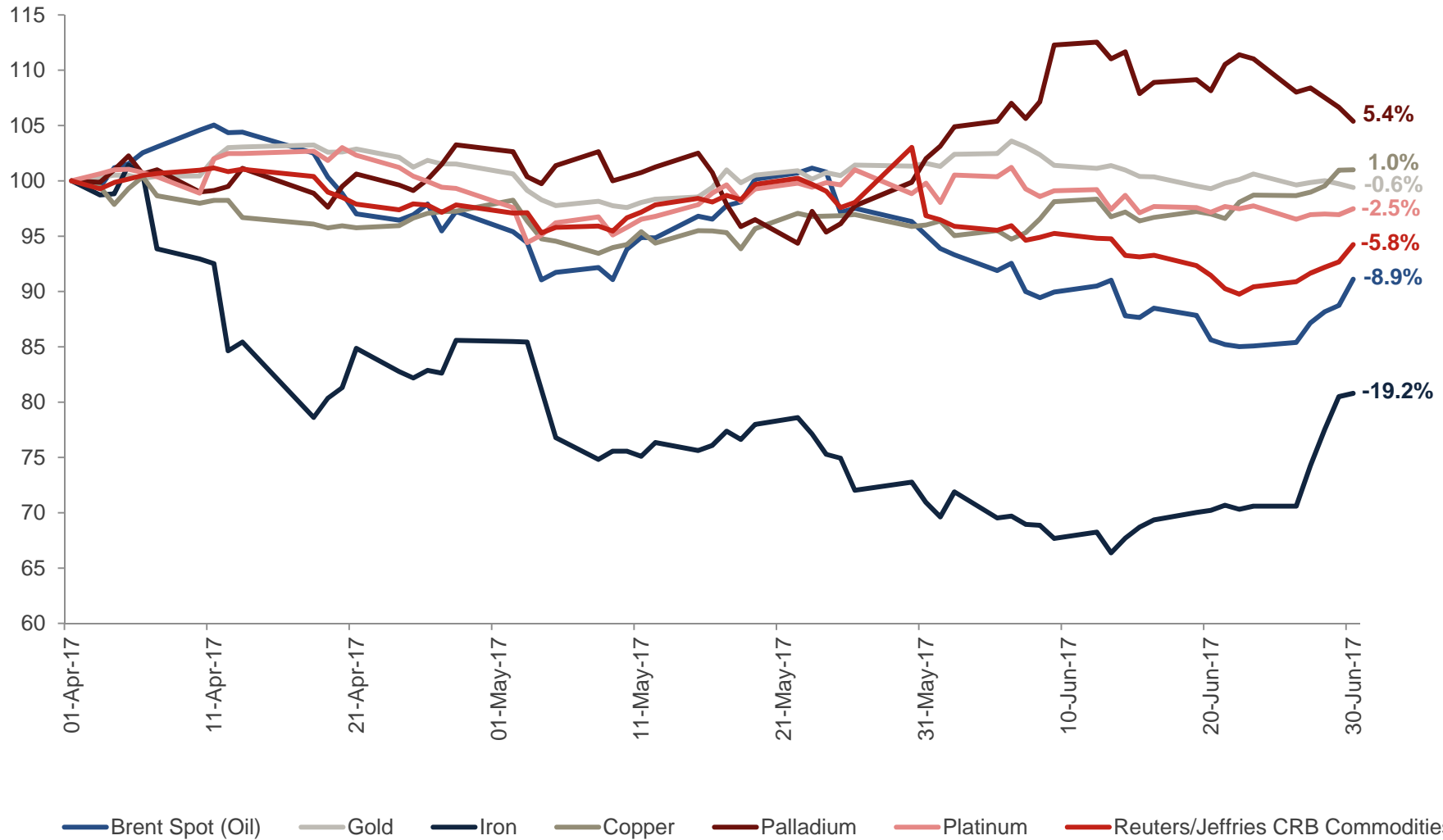
Source: INET BFA and Momentum Investments

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



Commodities

Three months to June 2017



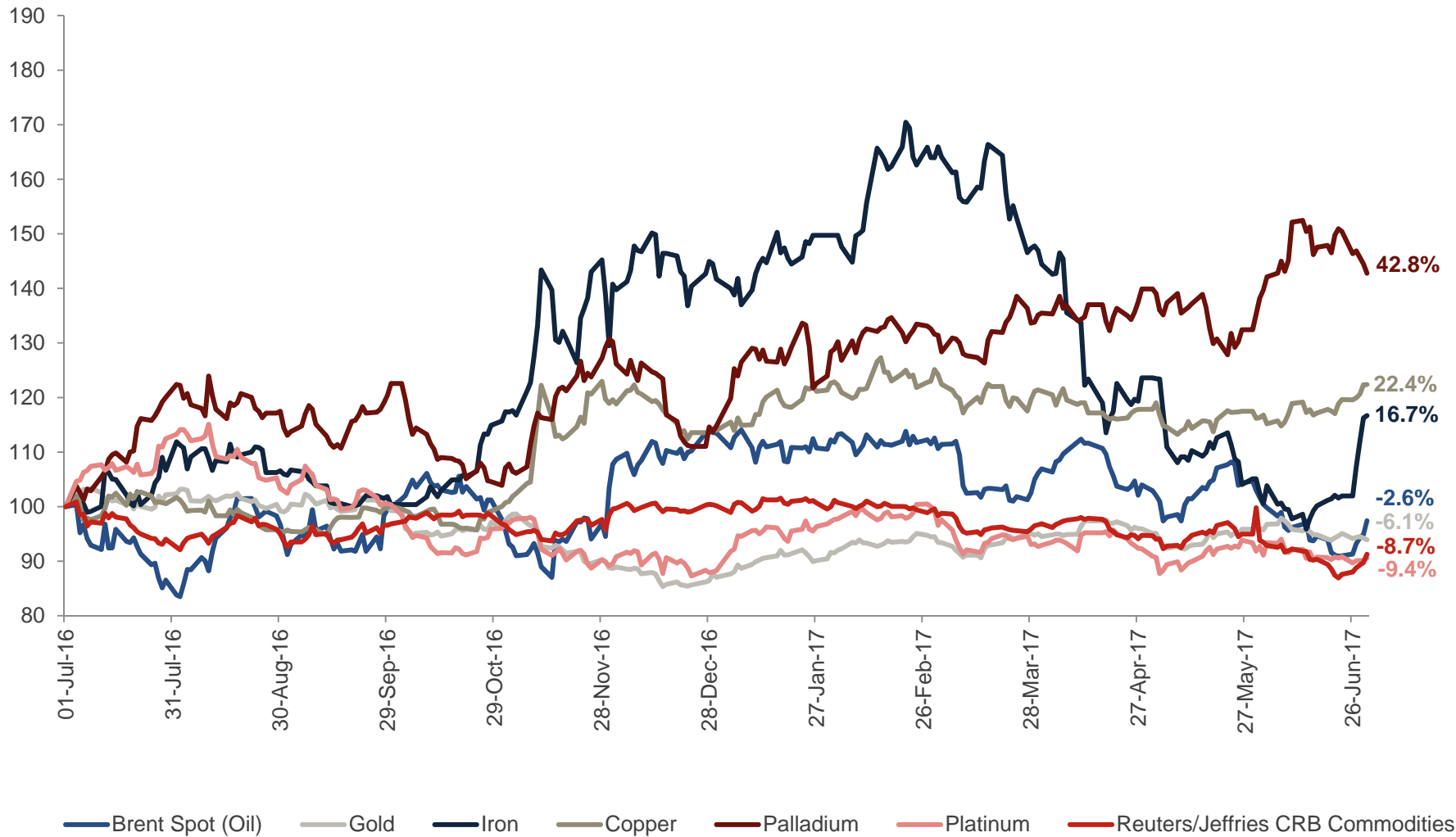
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



Commodities

One year to June 2017



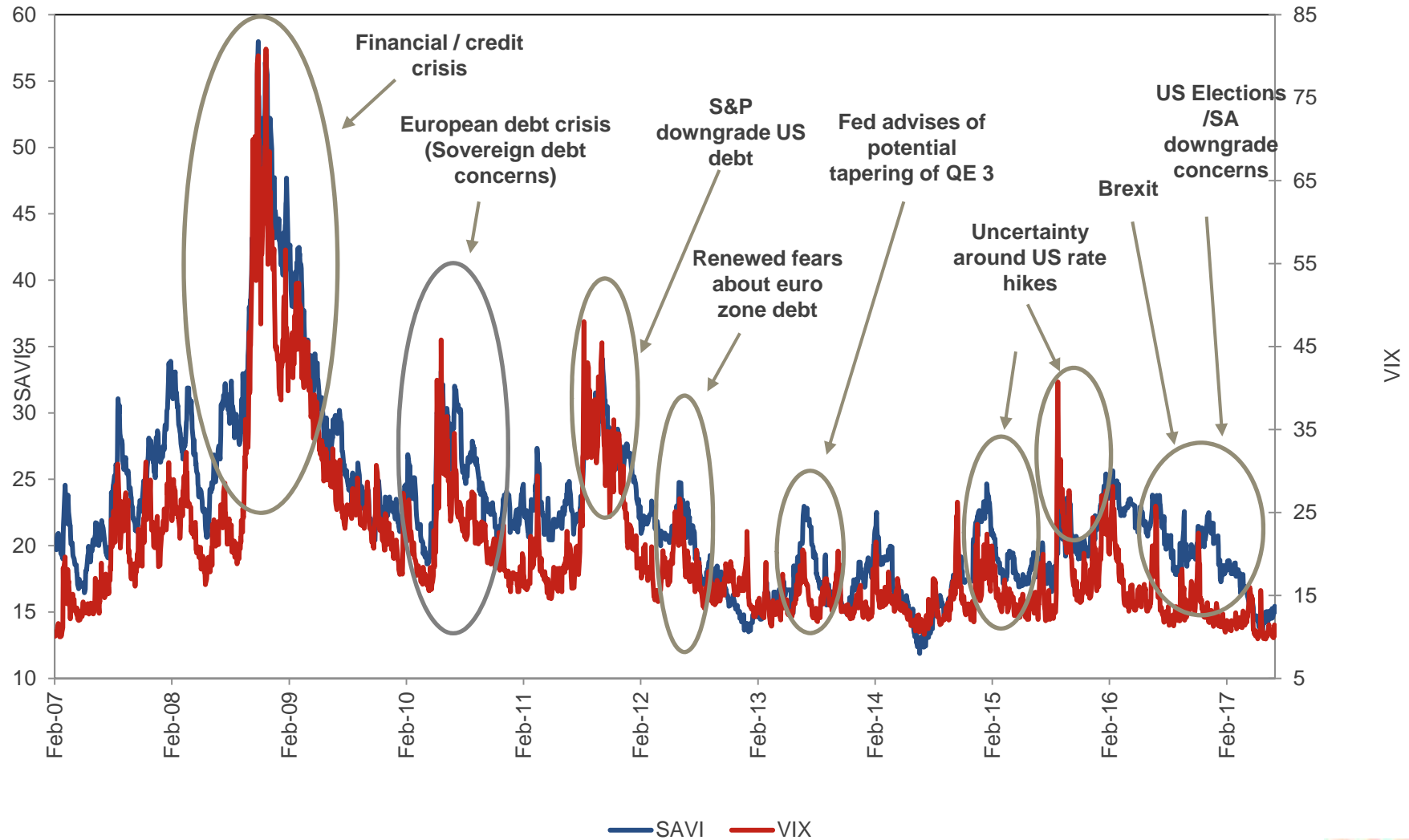
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



SAVI-VIX

Since February 2007 to June 2017

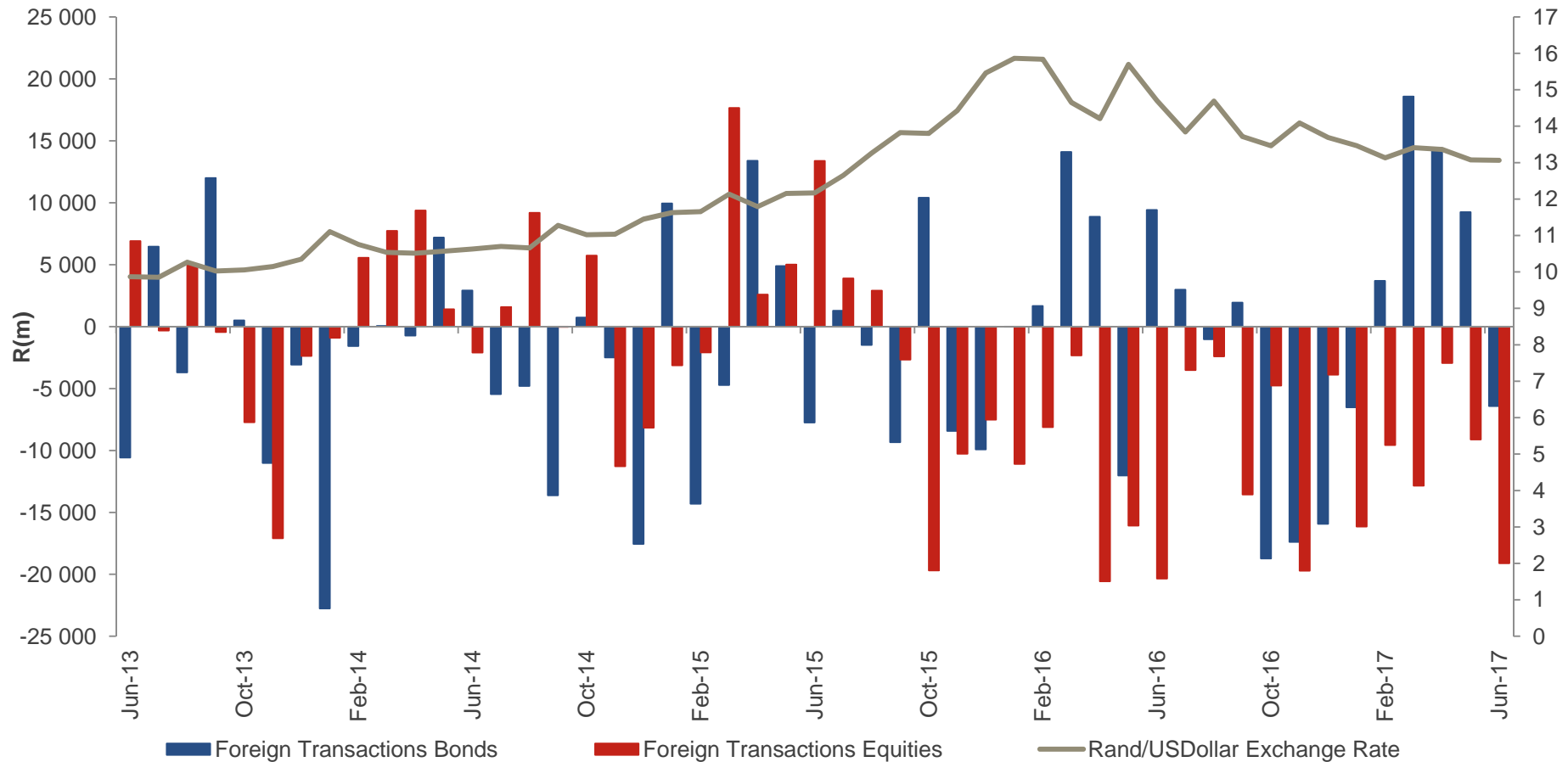


Source: INET BFA and Momentum Investments



Foreign transactions

2013 to 2017



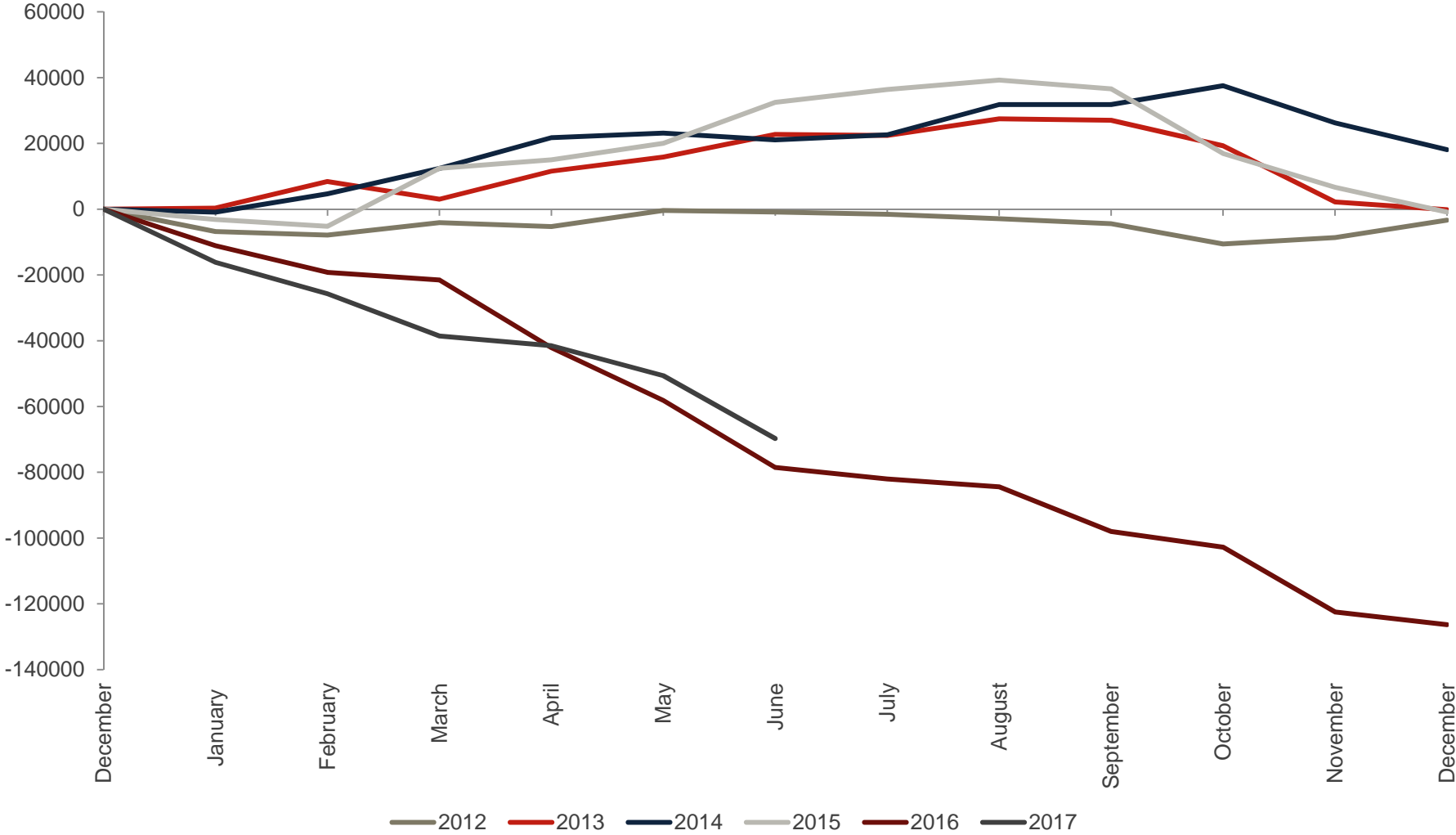
There have been mixed results over the years. However, for June 2017 net outflows have taken place for equities and bonds.

Source: INET BFA and Momentum Investments



Cumulative foreign transaction equities

2012 to 2017

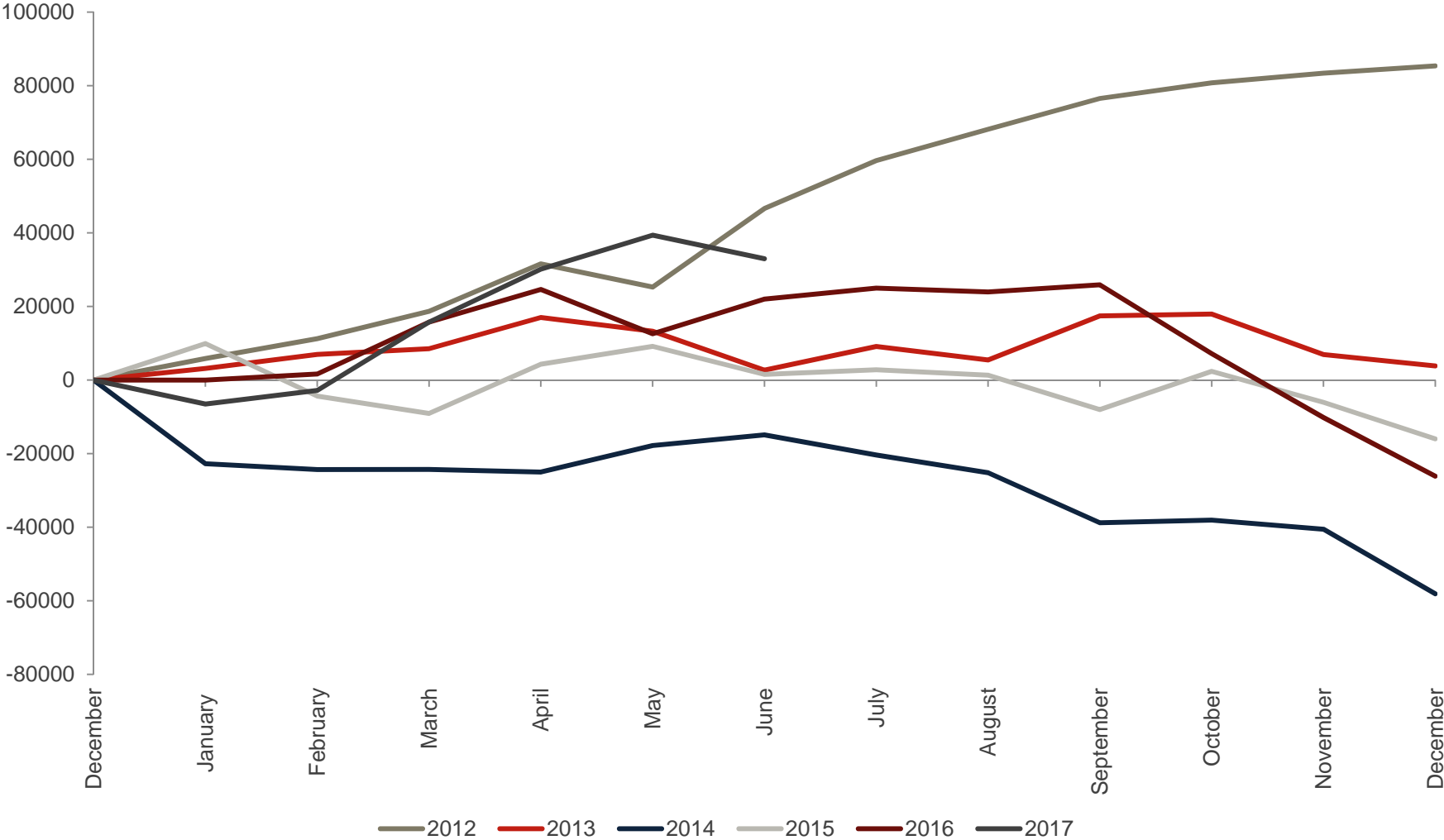


Source: INET BFA and Momentum Investments



Cumulative foreign transaction bonds

2012 to 2017



Source: INET BFA and Momentum Investments





End of key market performance drivers monthly charts for June 2017



investments

Thank you

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.