

# Key market performance drivers

Monthly charts

March 2017



investments and savings

# Market returns concentration

One-year returns ending:

## March-17

	NASPERS	
	ANGLO	
	STANDARD BANK GP	
	BHPBILL	
<b>Top 5</b>	SAPPI	<b>106%</b>
<b>Top 6</b>	KUMBA IRON ORE	<b>113%</b>
	TIGBRANDS	
	BARWORLD	
	NEDBANK	
<b>Top 10</b>	CAPITEC	<b>135%</b>
	BRITISH AMERICAN TOBACCO	
	EXXARO	
	SHOPRIT	
	CLICKS GROUP LTD	
	GROWTHPOINT PROPS	
	TELKOM SA SOC LTD	
	PIONEER FOOD GROUP	
	MONDI PLC	
	PSG	
<b>Top 20</b>	MONDI LTD	<b>169%</b>
<b>Remaining</b>	(Positive)	<b>43%</b>
<b>Negative</b>	(58 Shares)	<b>-112%</b>

## February-17

	ANGLO	
	NASPERS	
	STANDARD BANK GP	
	SANLAM	
<b>Top 5</b>	TIGBRANDS	<b>53%</b>
<b>Top 6</b>	BHPBILL	<b>57%</b>
	FIRSTRAND	
	KUMBA IRON ORE	
	SHOPRIT	
<b>Top 10</b>	NEDBANK	<b>71%</b>
	CAPITEC	
	BARWORLD	
	FOSCHINI GROUP (THE)	
	CLICKS GROUP LTD	
	SAPPI	
	IMPERIAL	
	BARCLAYS AFRICA GROUP	
	GROWTHPOINT PROPS	
	NORTHAM	
<b>Top 20</b>	PSG	<b>92%</b>
<b>Remaining</b>	(Positive)	<b>36%</b>
<b>Negative</b>	(39 Shares)	<b>-29%</b>

## January-17

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

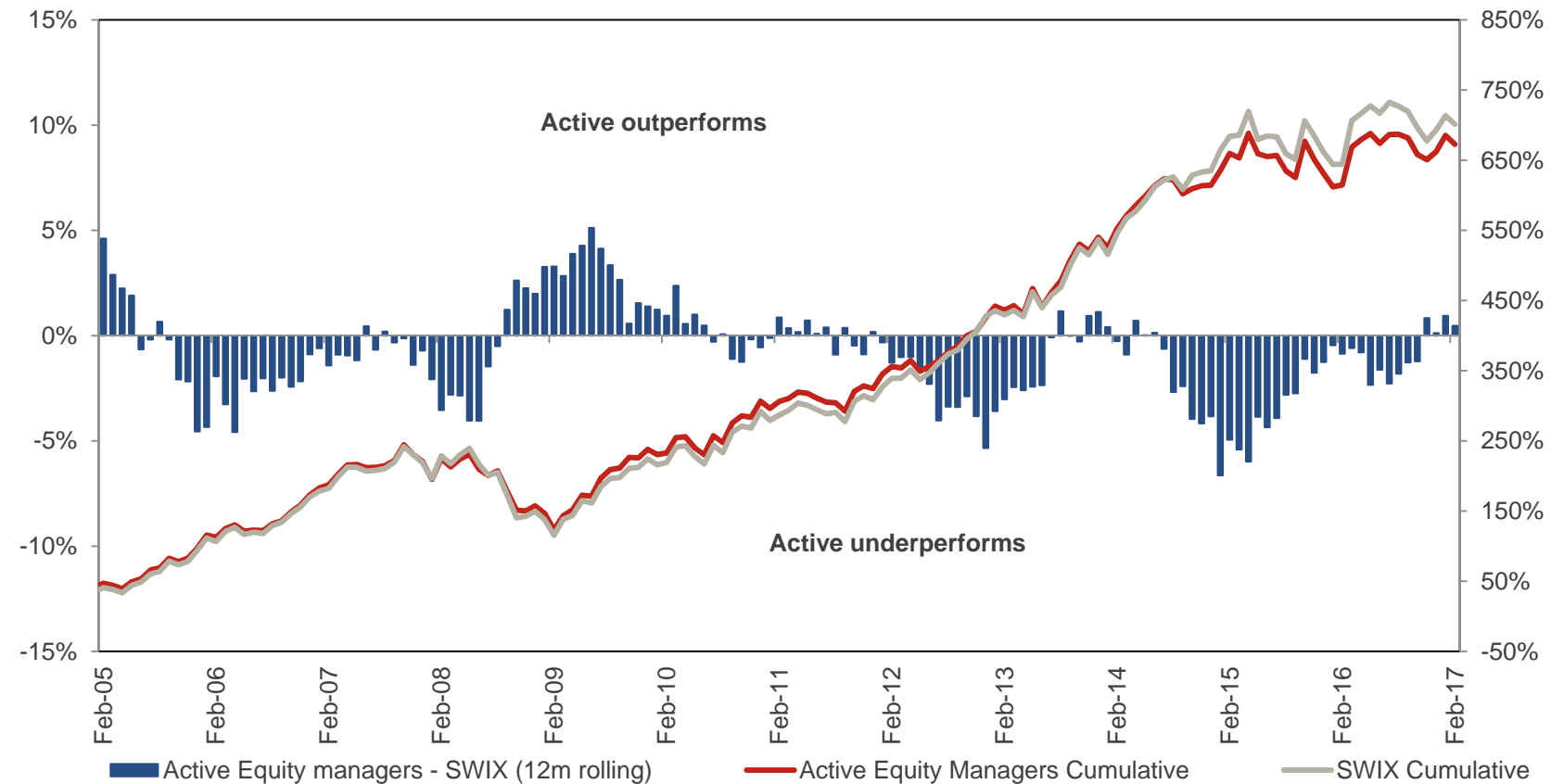
Market-cap weighted returns: 10 shares contributed 135% to the return of the SWIX, while 20 shares contributed 169%



Source: Barra, Deutsche Securities and Momentum Investments

# Active-index analysis

One-year rolling active to February\* 2017



## Median of Active Equity Managers vs SWIX

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

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

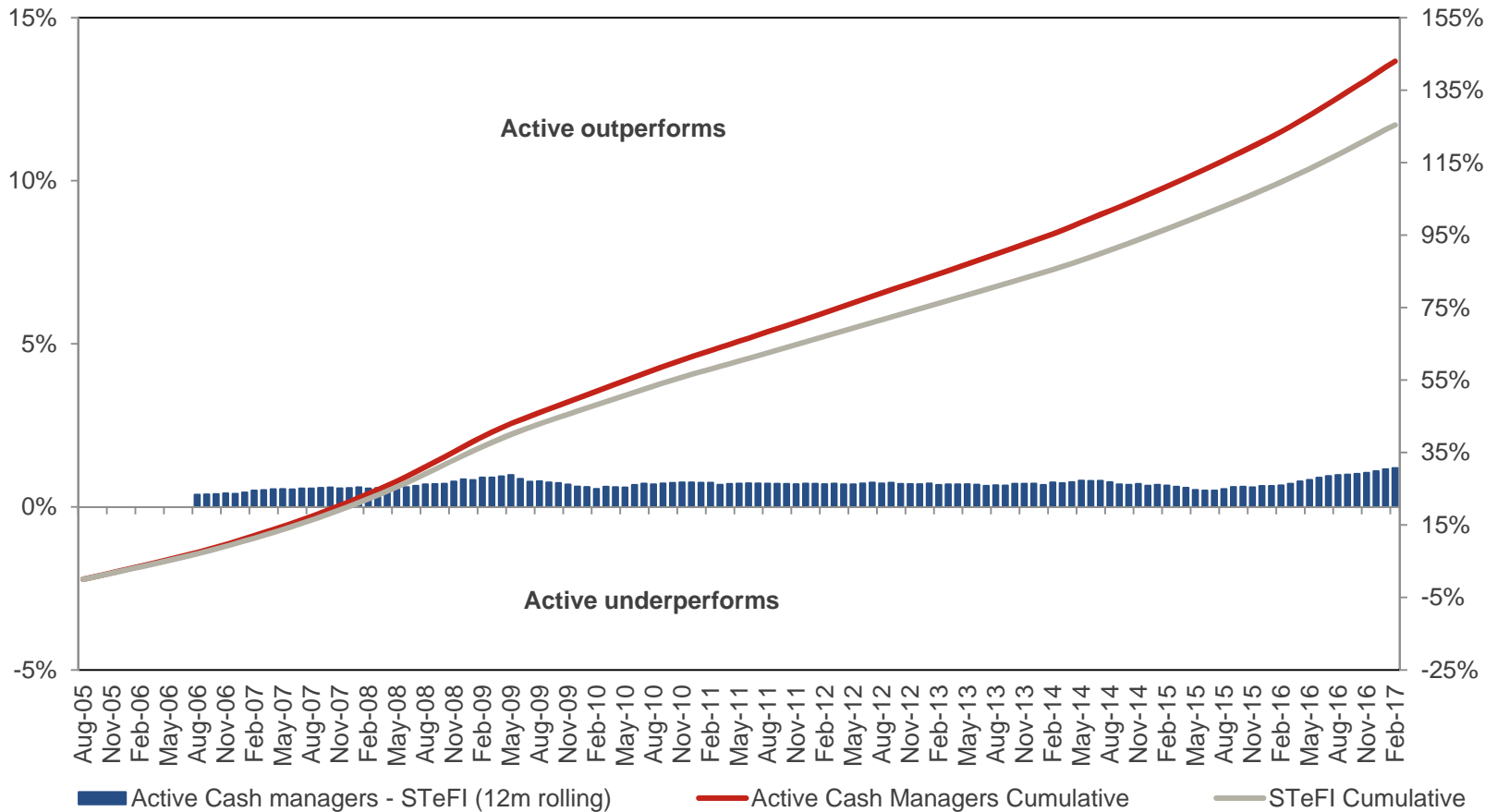
\* Lagged by one month due to availability of data





# Active versus tracker: Cash

One-year rolling average to February\* 2017



## Median of Active Money Market Managers vs SteFI

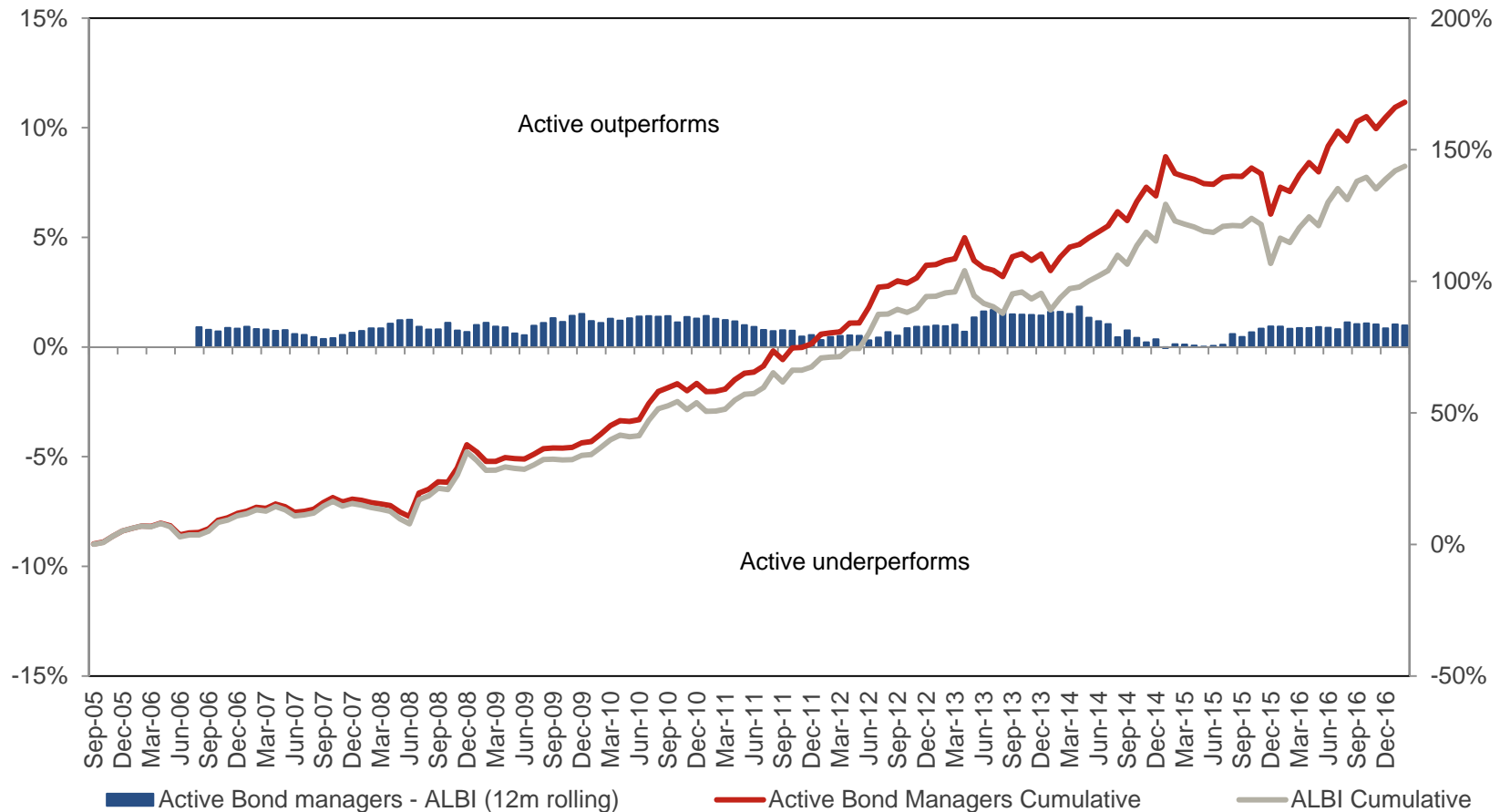
Source: Alexander Forbes SA Money Market Manager Watch™, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data



# Active versus tracker: Bonds

One-year rolling average to February\* 2017



## Median of Active Bond Managers vs ALBI

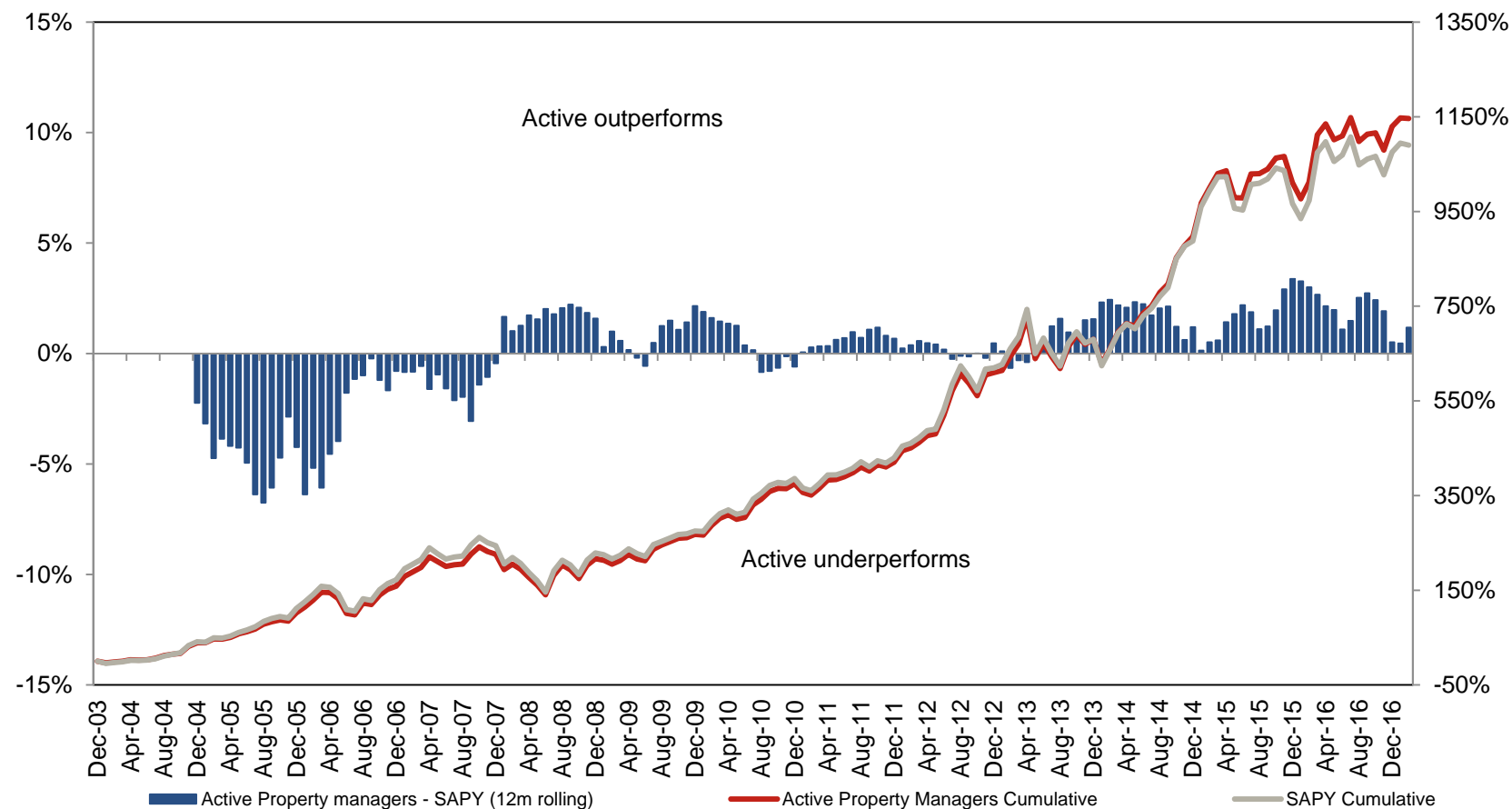
Source: Alexander Forbes SA Bond Manager Watch™, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data



# Active versus tracker: Property

One-year rolling average to February\* 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 March 2017

ZAR	Styles	One month to March 2017	Three months to March 2017	One year to March 2017	Three years to March 2017	Five years to March 2017	Ten years to March 2017	Twenty years to March 2017
Value	Book to Price	0.82	3.21	11.59	1.35	-1.91	-1.30	2.61
	Dividend Yield	1.36	5.03	9.34	4.20	-0.59	2.46	4.66
	Earnings Yield	0.70	-0.03	10.91	0.81	-0.16	0.17	2.86
	Cash Flow Yield	-0.15	2.15	16.56	2.04	1.69	0.39	3.67
	Sales to Price	-0.53	1.49	6.94	-0.32	-2.40	-1.25	2.81
Quality	ROE	0.47	-0.25	-3.75	-2.45	-1.34	0.43	-1.99
	ROIC LT	-0.47	-0.32	6.30	-0.58	-0.33	-0.41	-2.14
	Income to Sales	-0.38	-3.25	-4.88	-0.84	0.47	0.57	-1.13
	Low market beta	-0.89	-0.63	-1.95	6.04	5.27	-1.71	1.51
	Low Debt/Equity	-2.11	-3.60	4.04	-2.61	-0.67	-2.49	-1.37
	EBIT Margin Stability	-4.38	-3.65	-1.43	3.33	3.46	4.56	-0.84
Growth	Earnings Growth	0.15	0.64	7.06	1.45	0.44	-1.27	-1.17
	Sales Growth	-2.91	-2.81	1.33	-1.13	0.91	1.12	-0.08
	12M Earning Growth	-0.95	1.52	-7.12	-2.94	-4.30	0.90	5.38
Momentum	FY1 Earnings Revisions	-2.99	1.00	-4.69	4.70	4.36	9.65	8.00
	Short Term Momentum	-1.49	-2.08	-6.68	3.29	2.73	0.34	-1.14
	Medium Term Momentum	-1.15	-2.21	-7.97	2.87	5.88	4.40	6.65
Size	Size	0.68	-1.09	-10.70	-3.99	-2.48	0.11	-0.85

Most Value 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 March 2017



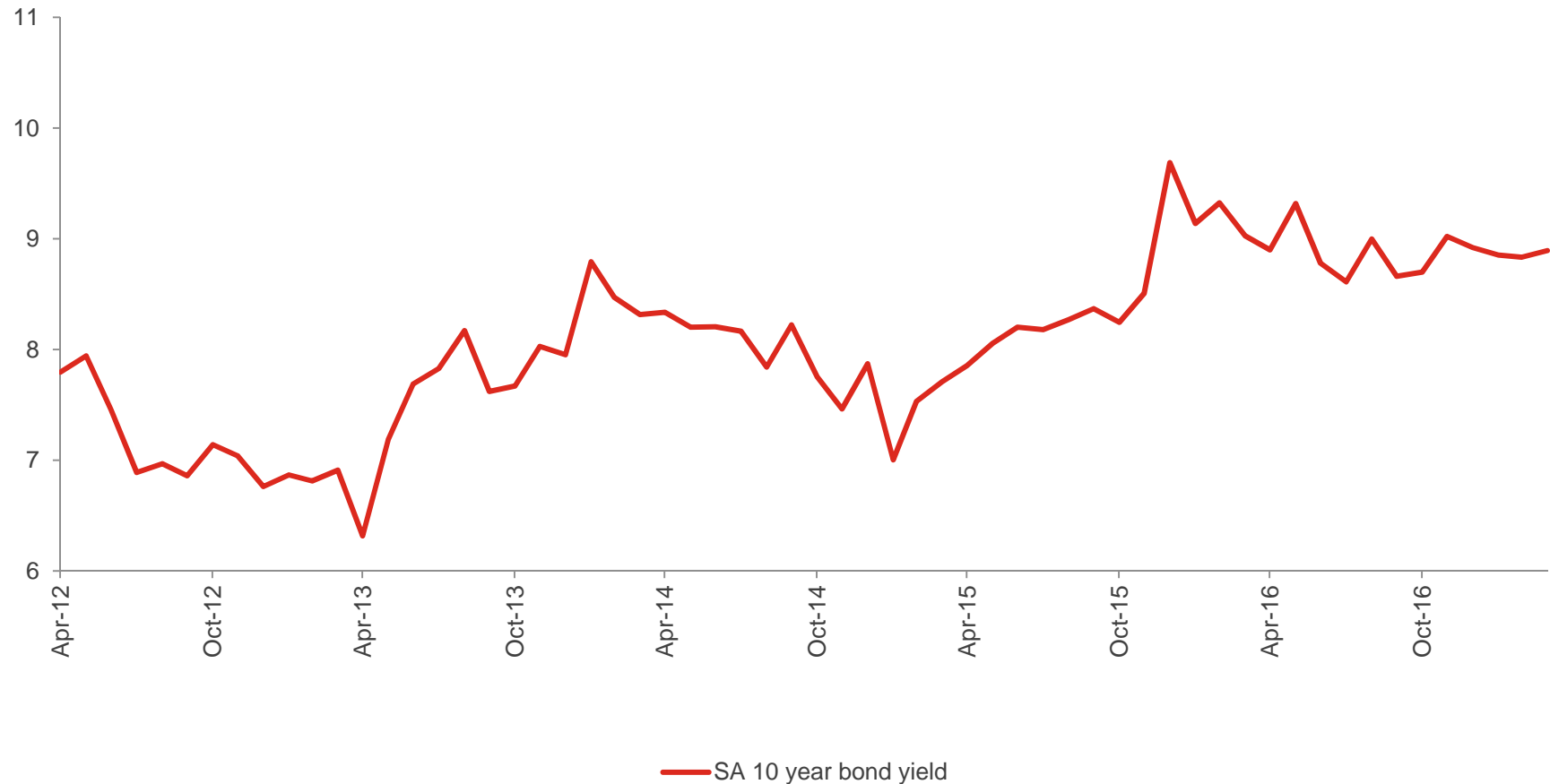
Source: INET BFA, MSCI and Momentum Investments





# SA 10-year bond yields

Five years to March 2017



SA 10-year bond yields increased marginally for March 2017

Source: INET BFA and Momentum Investments



# Yield of R197 (inflation-linked bond)

Since May 2001 to March 2017



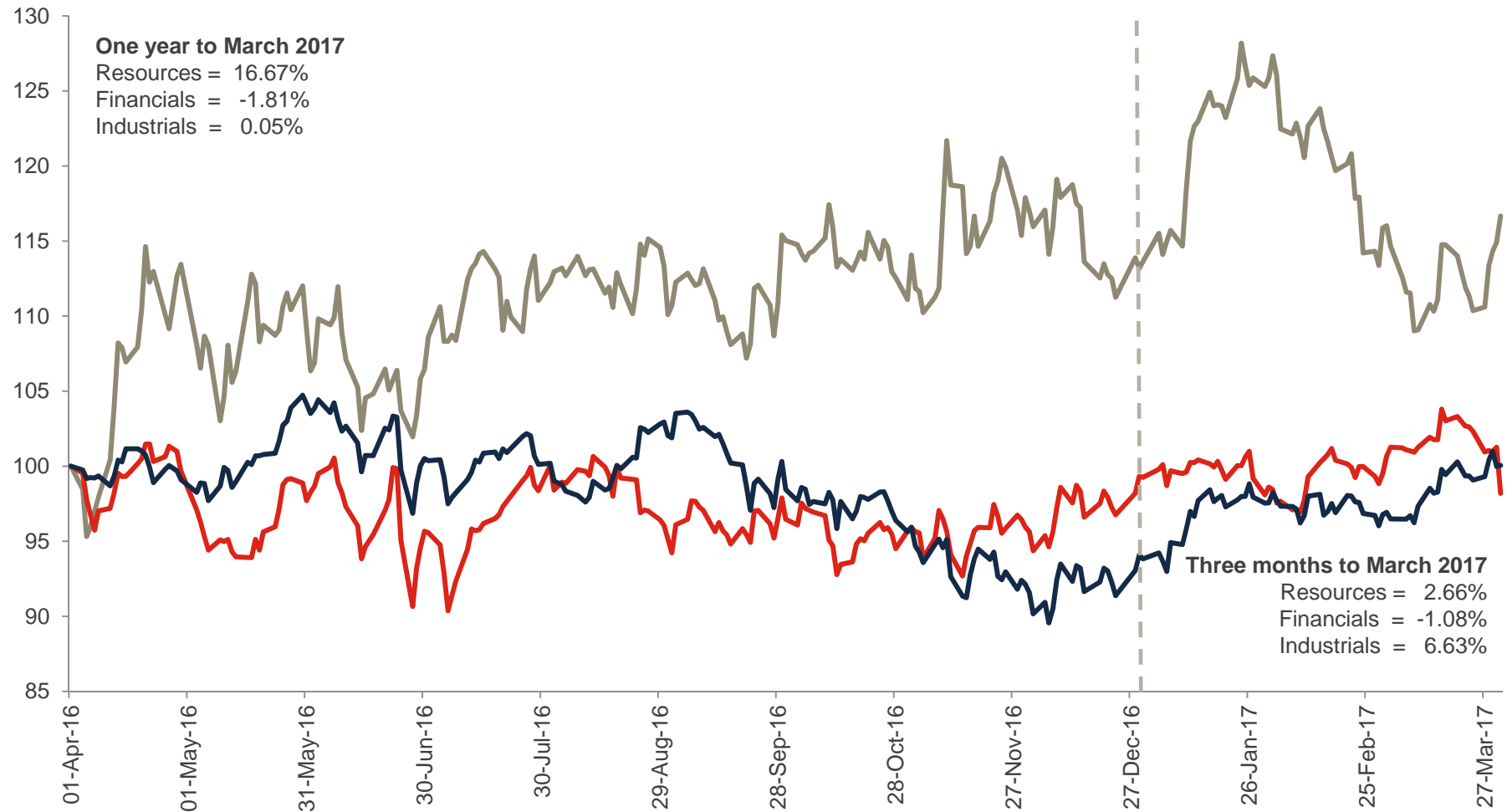
Inflation-linked bond yields were 31 bps higher for March 2017

Source: INET BFA and Momentum Investments



# FTSE/JSE sectors

One year to March 2017



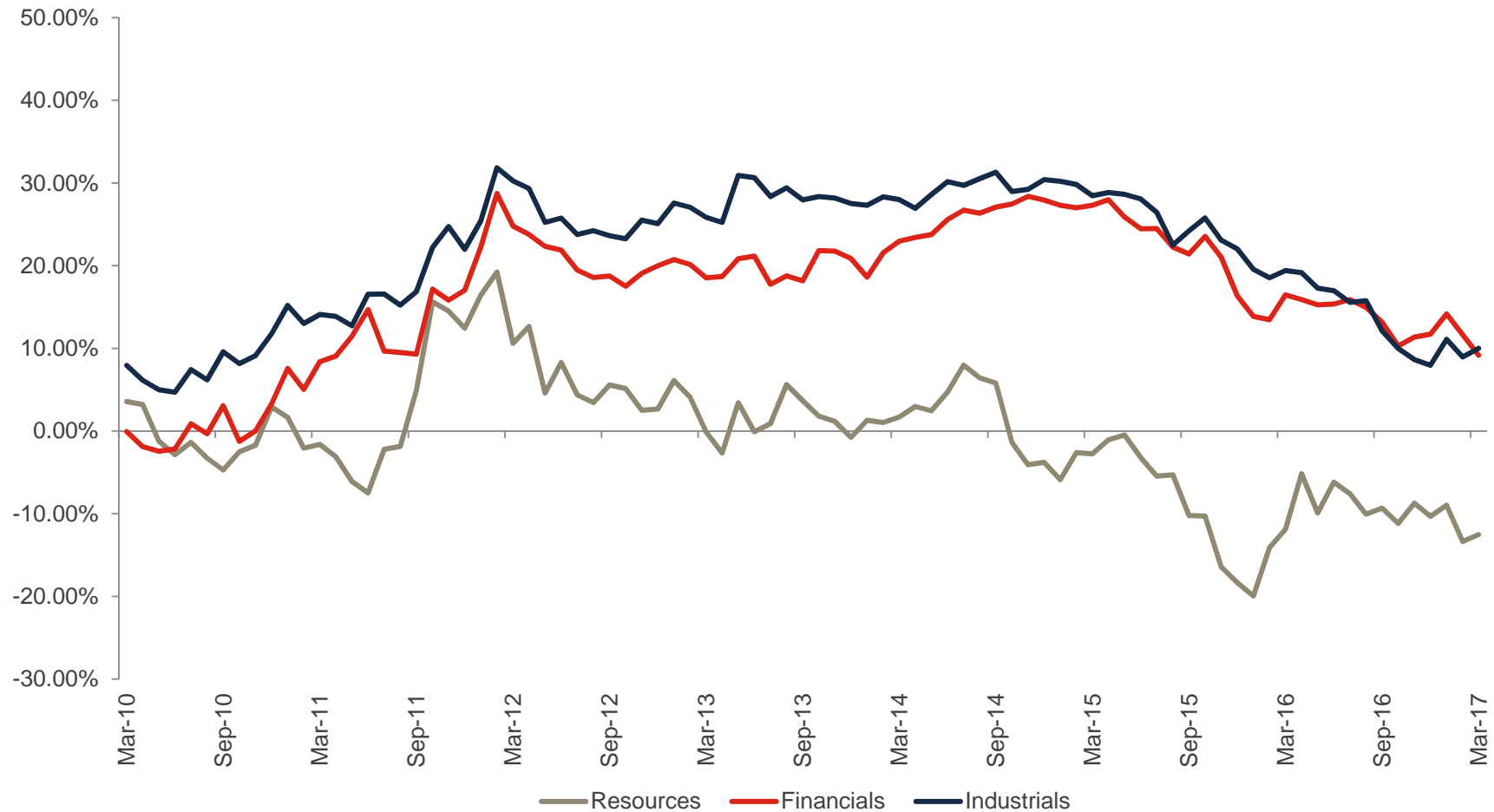
Source: INET BFA and Momentum Investments

Resources Financials Industrials



## FTSE/JSE sectors

Rolling three-year return to March 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 March 2017

1	Coal Mining	Mining	31.7%	19	Gold Mining	Mining	2.4%
2	Personal Goods	Consumer Goods	16.8%	20	Fixed Line Telecommunications	Telecommunication	1.4%
3	Tobacco	Consumer Goods	15.8%	21	General Mining	Mining	0.2%
4	Support Services	Industrials	15.5%	22	Mobile Telecommunications	Telecommunication	0.0%
5	Automobiles & Parts	Consumer Goods	15.2%	23	Chemicals	Basic Materials	-0.6%
6	Media	Consumer Services	14.9%	24	Travel & Leisure	Consumer Services	-1.6%
7	Forestry & Paper	Basic Materials	12.1%	25	Industrial Transportation	Industrials	-2.2%
8	Construction & Materials	Industrials	11.8%	26	General Financial	Financials	-2.3%
9	Non-life Insurance	Financials	11.1%	27	Pharmaceuticals & Biotechnology	Health Care	-2.5%
10	Equity Investment Instruments	Financials	10.1%	28	Beverages	Consumer Goods	-5.4%
11	Industrial Metals	Basic Materials	9.3%	29	Real Estate Investment & Services	Financials	-5.6%
12	Platinum Mining	Mining	7.9%	30	Banks	Financials	-6.3%
13	Food & Drug Retailers	Consumer Services	6.5%	31	General Industrials	Industrials	-6.6%
14	Food Producers	Consumer Goods	5.2%	32	Software & Computer Services	Technology	-8.9%
15	Electronic & Electrical Equipment	Industrials	3.9%	33	Household Goods	Consumer Goods	-9.4%
16	General Retailers	Consumer Services	3.5%	34	Health Care Equipment & Services	Health Care	-10.6%
17	Life Insurance	Financials	3.2%	35	Industrial Engineering	Industrials	-14.5%
18	Real Estate Investment Trusts	Financials	2.6%				

### Key

Resources

Financials

Industrials

Source: Barra, Deutsche Securities and Momentum Investments





# FTSE/JSE sectors

## Decomposed

One year to March 2017

1	Industrial Metals	Basic Materials	101.2%	19	Software & Computer Services	Technology	3.9%
2	Coal Mining	Mining	67.4%	20	Industrial Transportation	Industrials	3.5%
3	General Mining	Mining	44.1%	21	Electronic & Electrical Equipment	Industrials	0.2%
4	Fixed Line Telecommunications	Telecommunication	38.5%	22	Real Estate Investment Trusts	Financials	-0.1%
5	Automobiles & Parts	Consumer Goods	32.3%	23	Food & Drug Retailers	Consumer Services	-0.1%
6	Support Services	Industrials	28.1%	24	General Retailers	Consumer Services	-3.4%
7	Food Producers	Consumer Goods	23.8%	25	Mobile Telecommunications	Telecommunication	-3.8%
8	Forestry & Paper	Basic Materials	22.5%	26	Chemicals	Basic Materials	-4.3%
9	Travel & Leisure	Consumer Services	21.2%	27	Platinum Mining	Mining	-7.0%
10	Construction & Materials	Industrials	19.2%	28	Life Insurance	Financials	-7.1%
11	Non-life Insurance	Financials	16.3%	29	Pharmaceuticals & Biotechnology	Health Care	-11.4%
12	Media	Consumer Services	12.5%	30	General Financial	Financials	-15.2%
13	Personal Goods	Consumer Goods	12.0%	31	Real Estate Investment & Services	Financials	-19.9%
14	Banks	Financials	10.8%	32	Beverages	Consumer Goods	-23.9%
15	Industrial Engineering	Industrials	9.3%	33	Health Care Equipment & Services	Health Care	-25.7%
16	General Industrials	Industrials	8.1%	34	Gold Mining	Mining	-30.8%
17	Tobacco	Consumer Goods	5.9%	35	Household Goods	Consumer Goods	-31.5%
18	Equity Investment Instruments	Financials	4.4%				

### Key

Resources

Financials

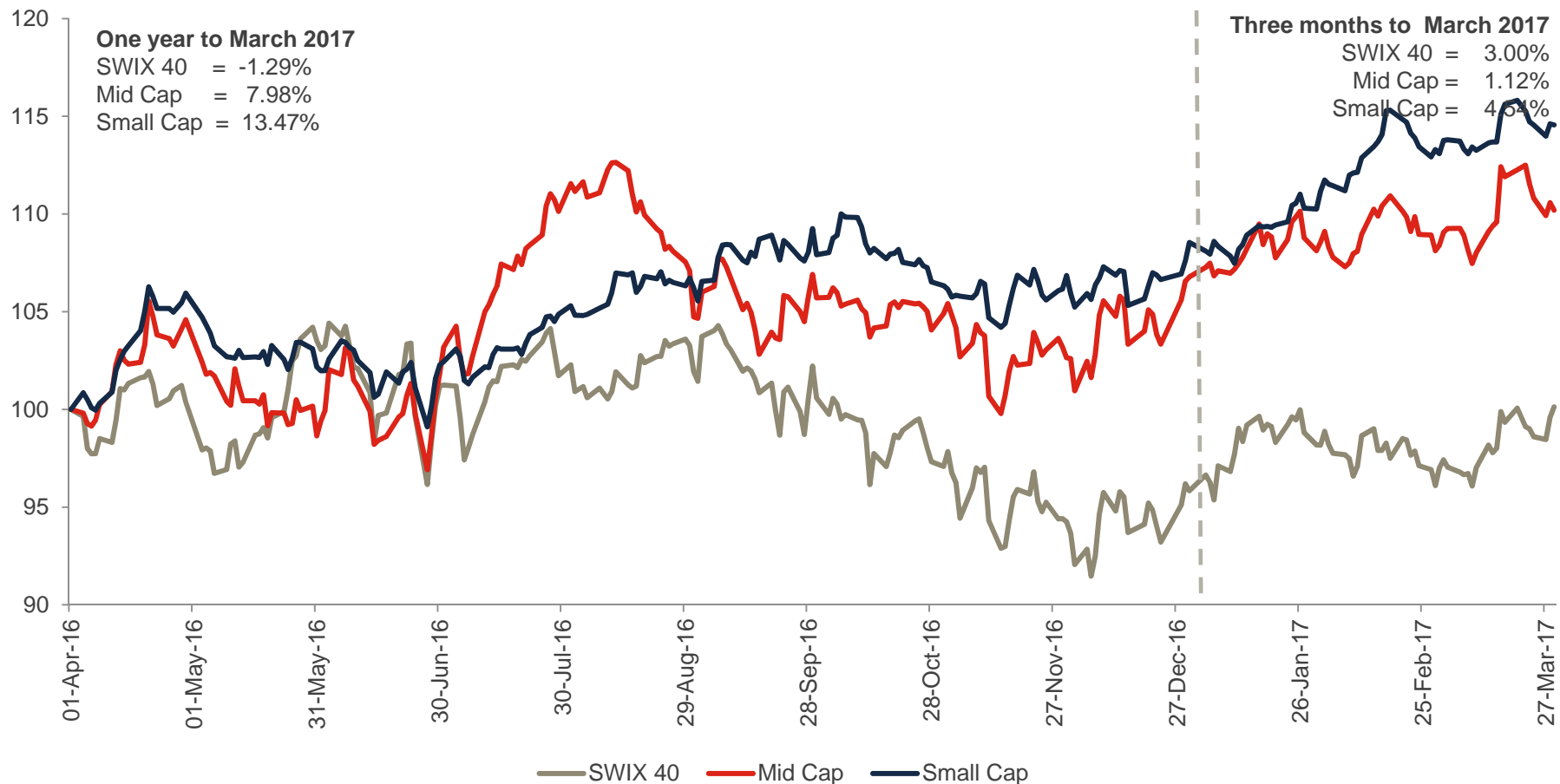
Industrials

Source: Barra, Deutsche Securities and Momentum Investments



# FTSE/JSE market caps

One year to March 2017



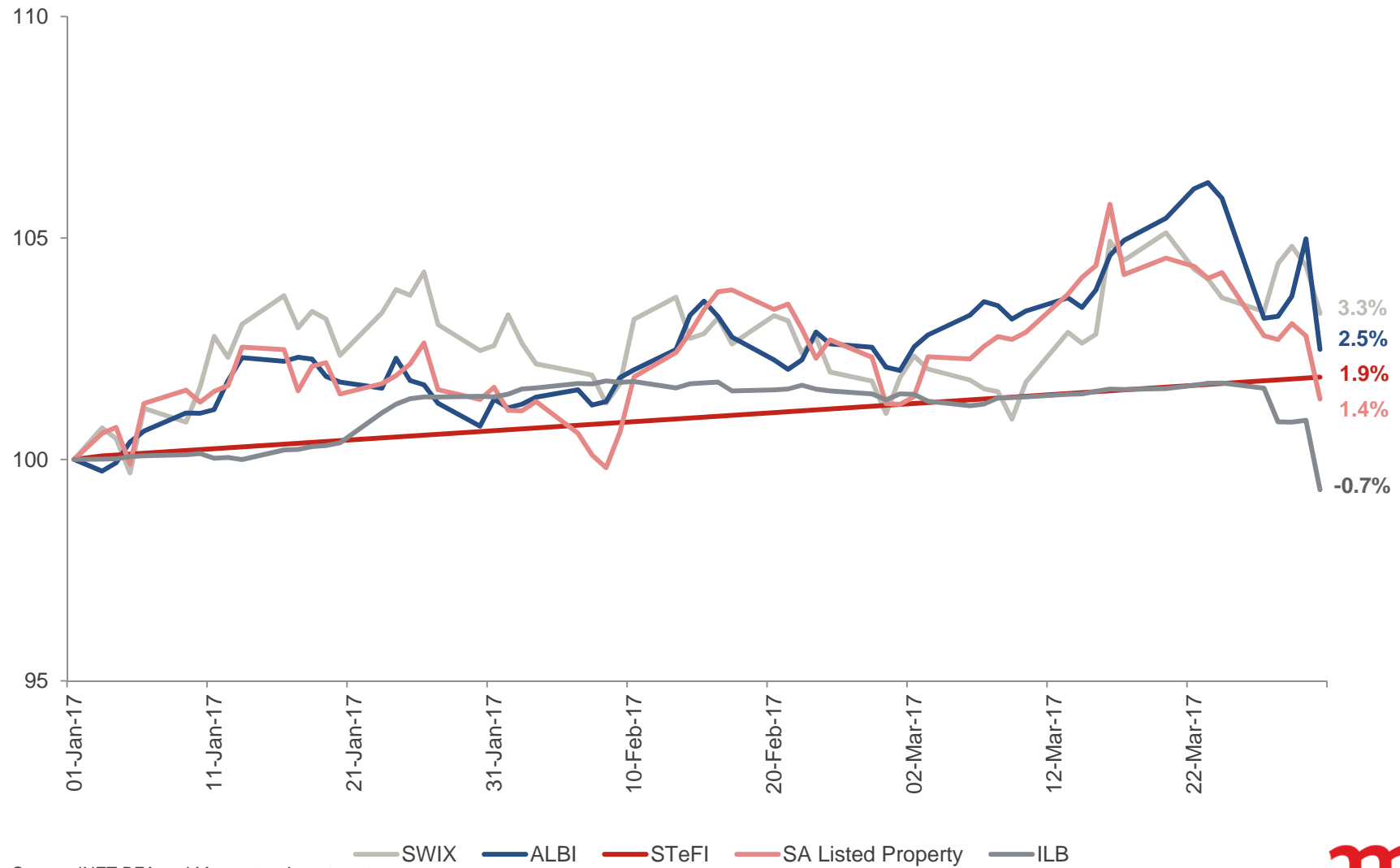
The FTSE/JSE Mid Cap and Small Cap Indices had positive returns for the one-year period, while the SWIX 40 returns were negative over the same period

Source: INET BFA and Momentum Investments



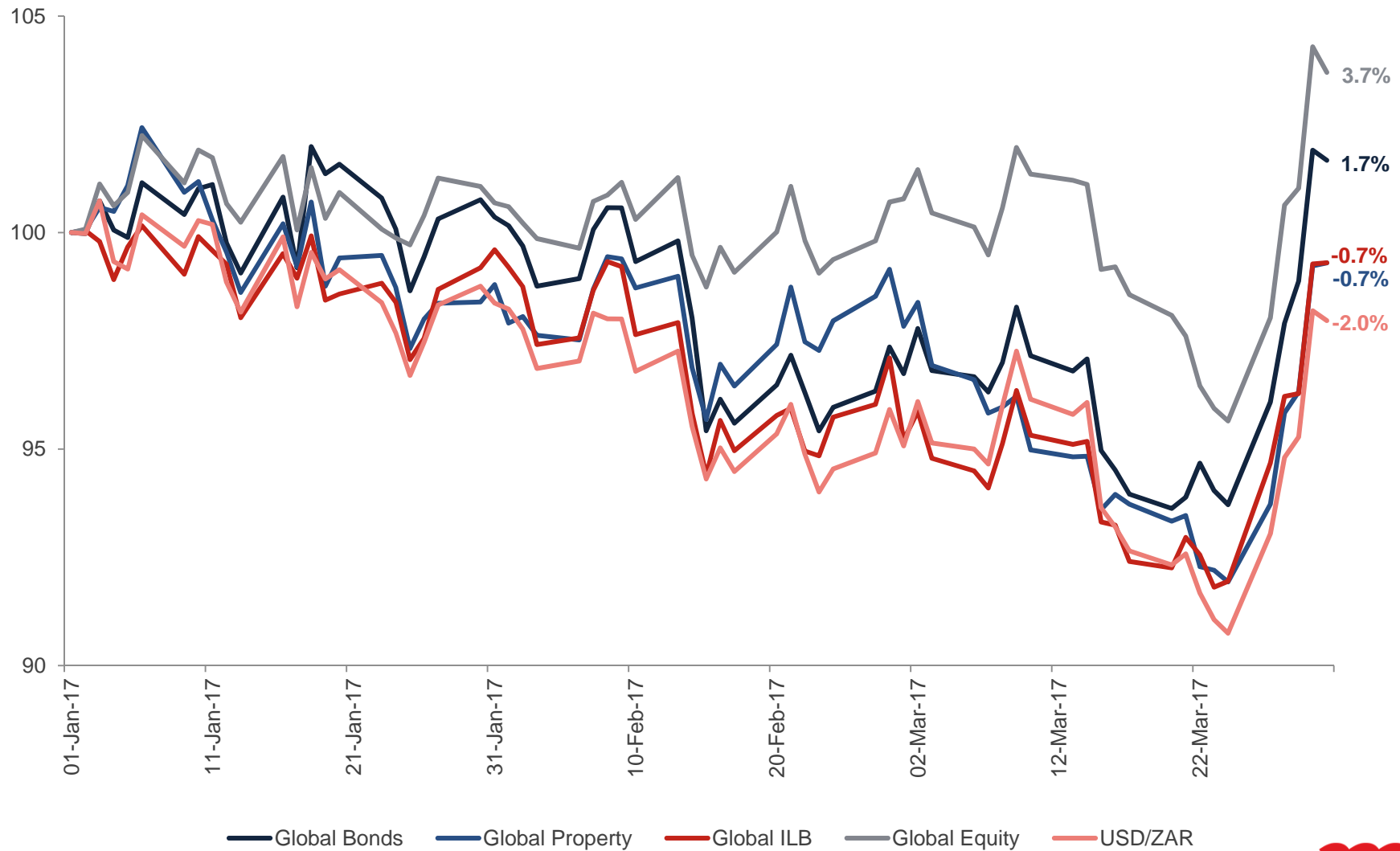
# Local asset classes

Three months to March 2017



# Global asset classes

Three months to March 2017

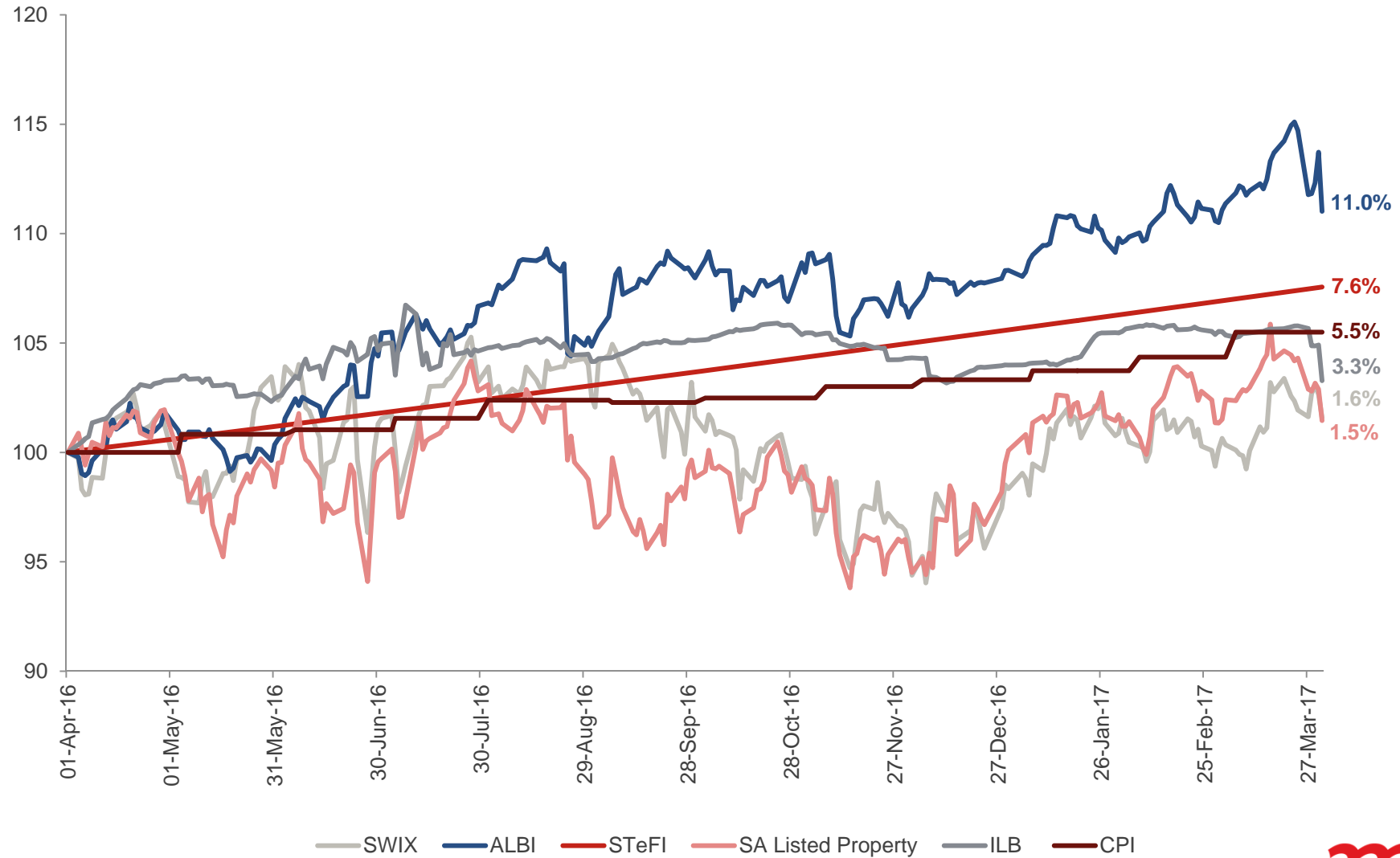


Source: INET BFA and Momentum Investments



# Local asset classes

One year to March 2017



Source: INET BFA and Momentum Investments

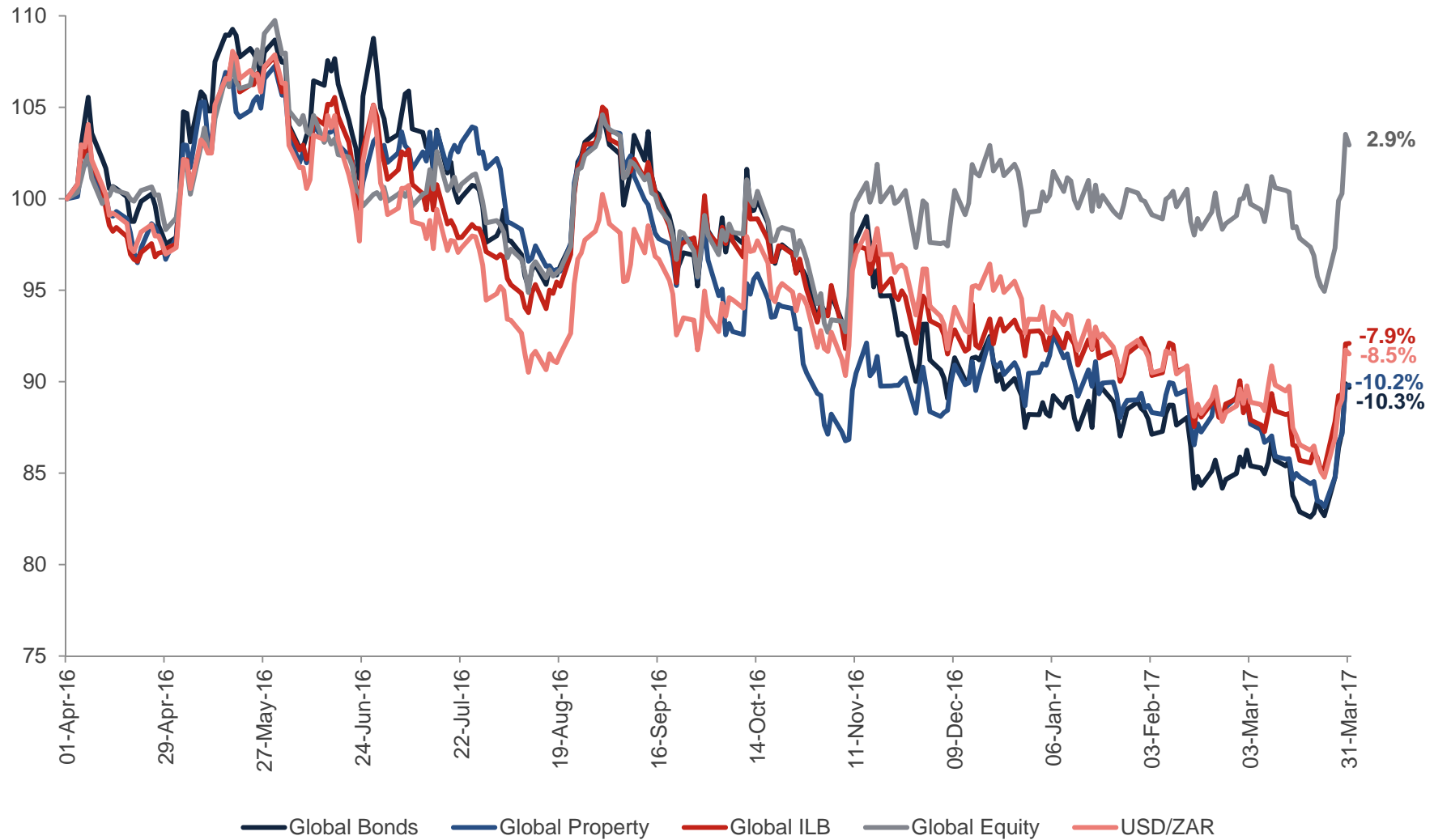
\*CPI is lagged by one month due to availability of inflation data





# Global asset classes

One year to March 2017



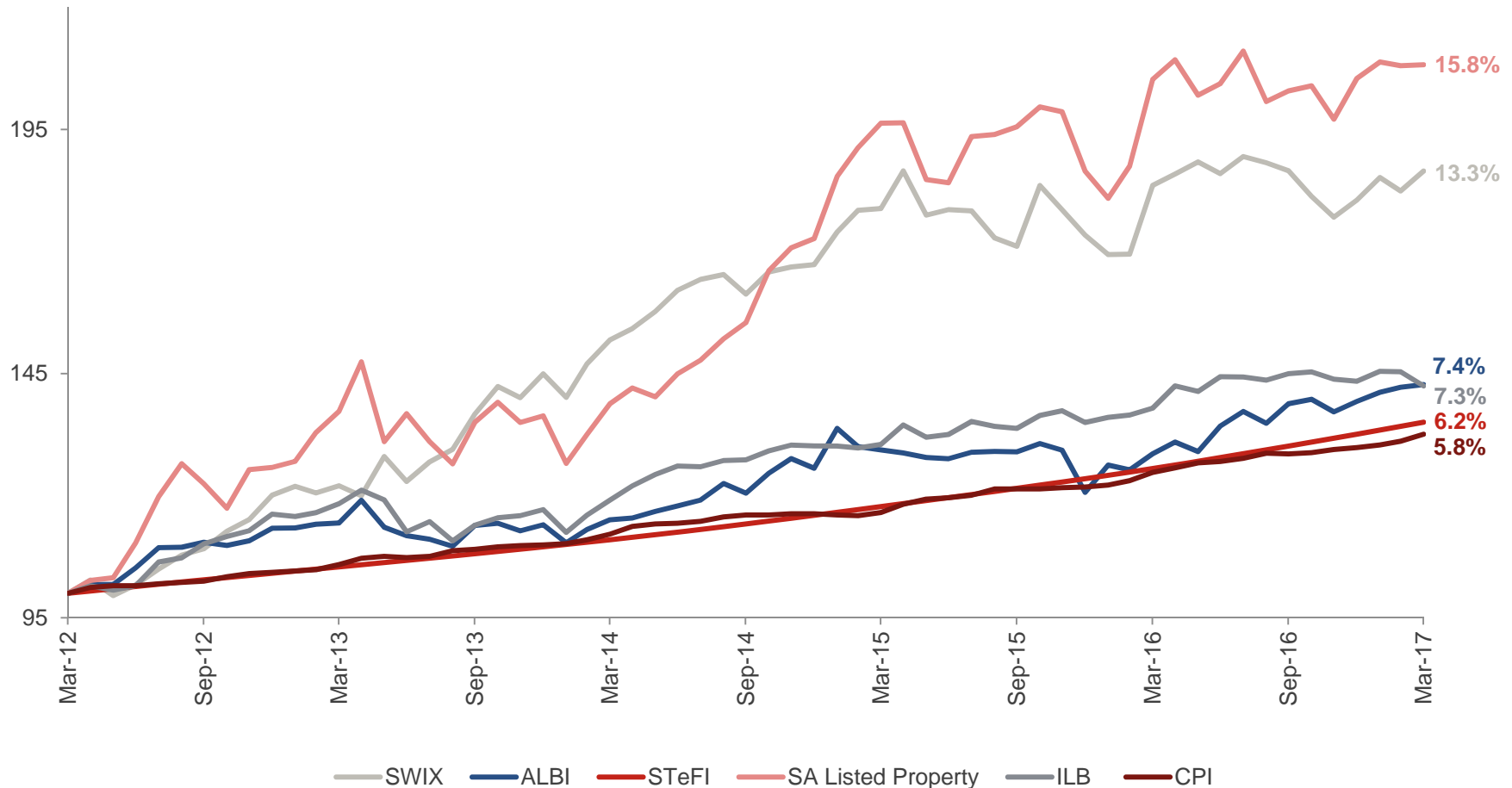
Source: INET BFA and Momentum Investments

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



# Local asset classes

Five years to March 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 5.8%).

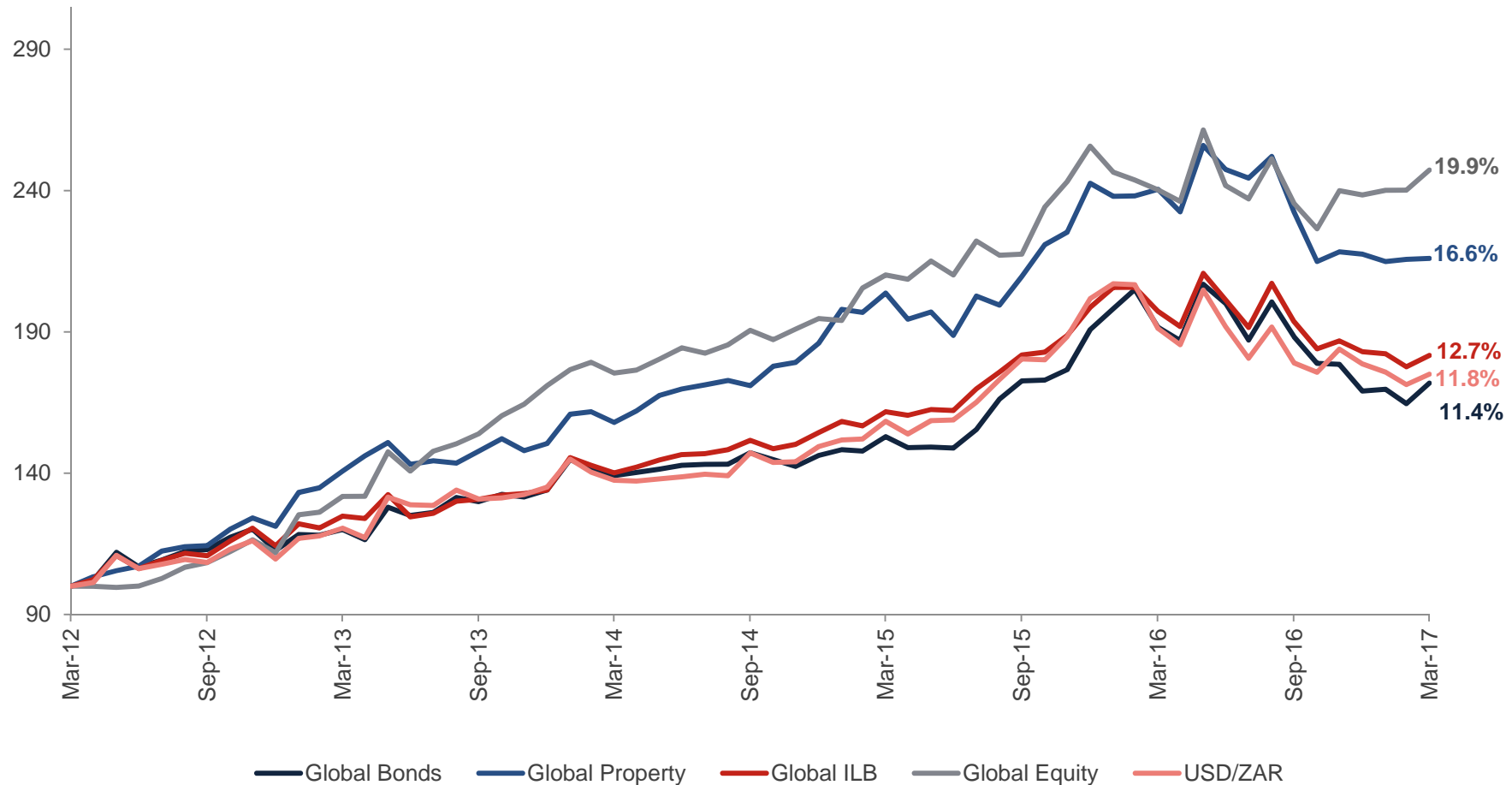
Source: INET BFA and Momentum Investments

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



# Global asset classes

Five years to March 2017



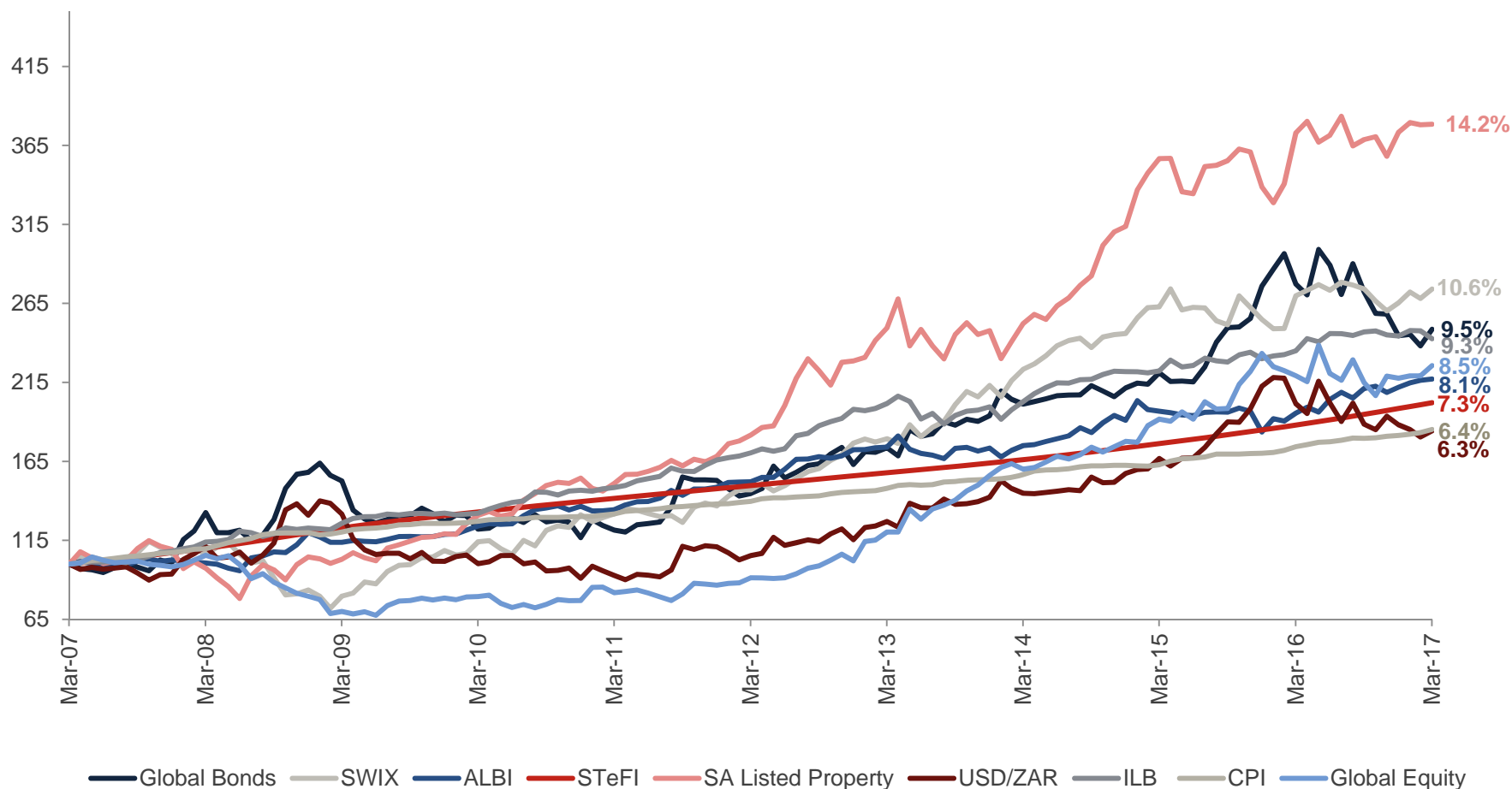
Global equity had the best return for the five-year period, with 19.9%, followed by global property with 16.6%

Source: INET BFA and Momentum Investments



# Asset classes

Ten years to March 2017



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

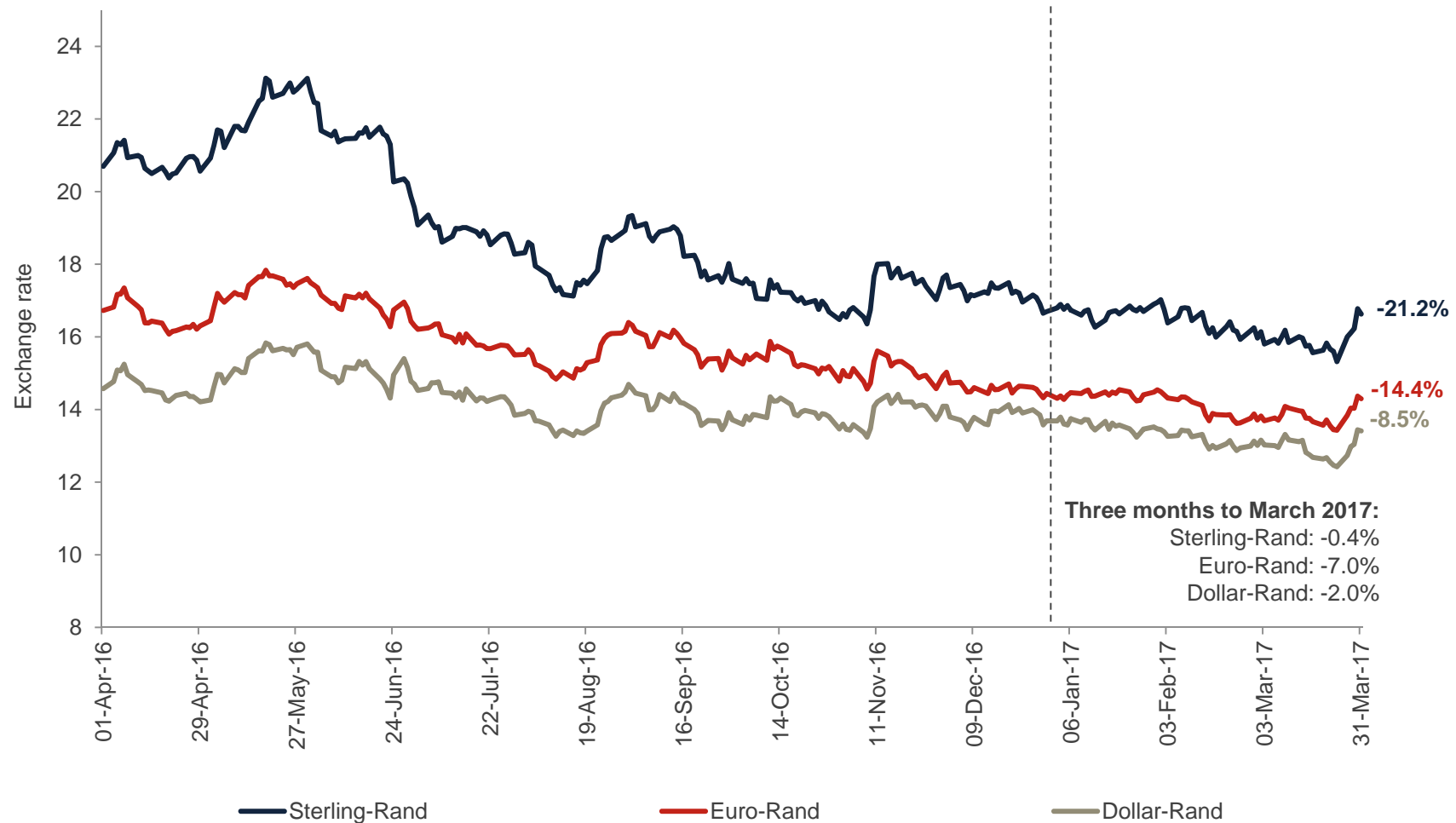
Source: INET BFA and Momentum Investments

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



# Exchange rates

One year to March 2017



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

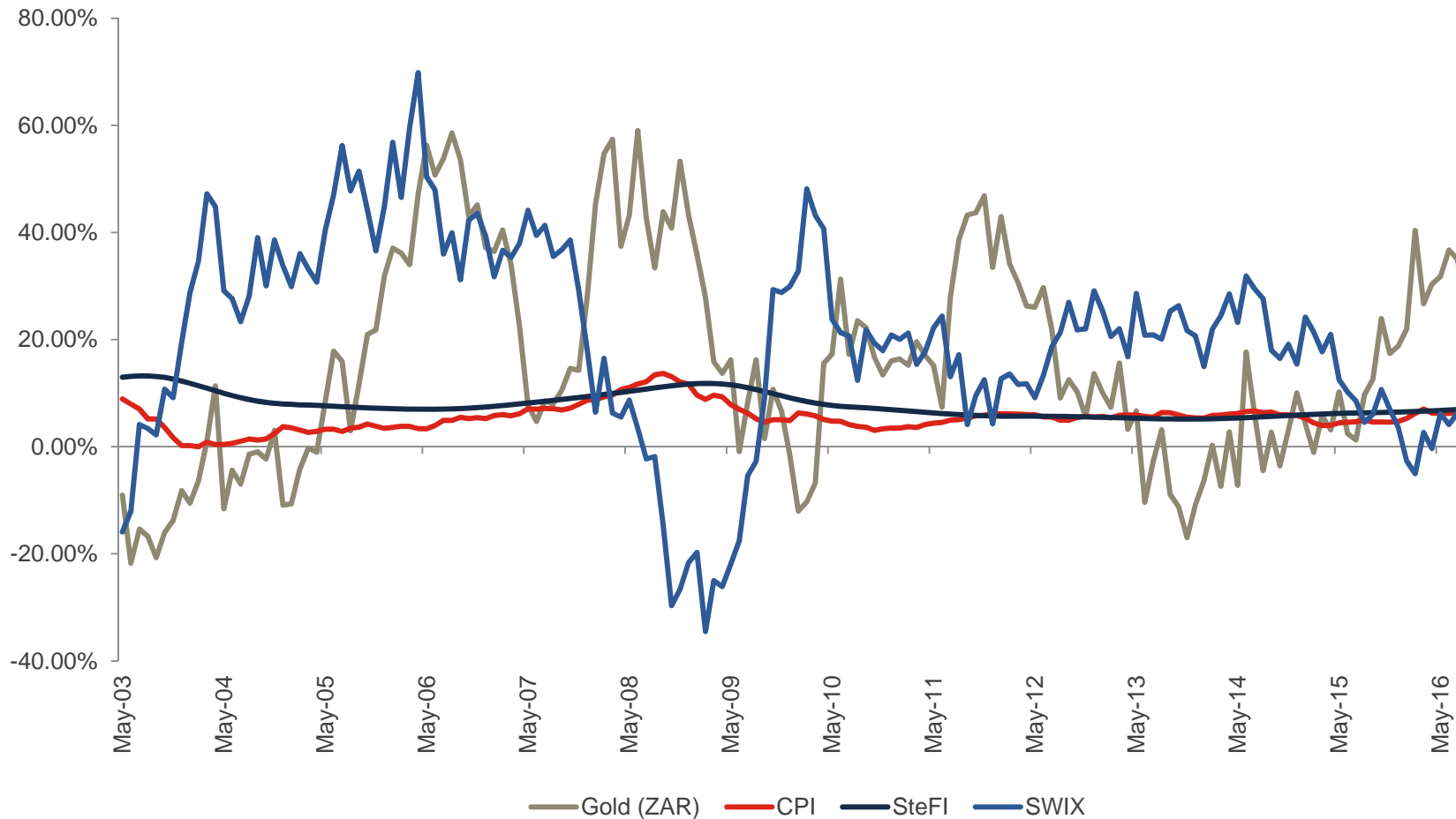
Source: INET BFA and Momentum Investments





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

One-year rolling returns to March 2017



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

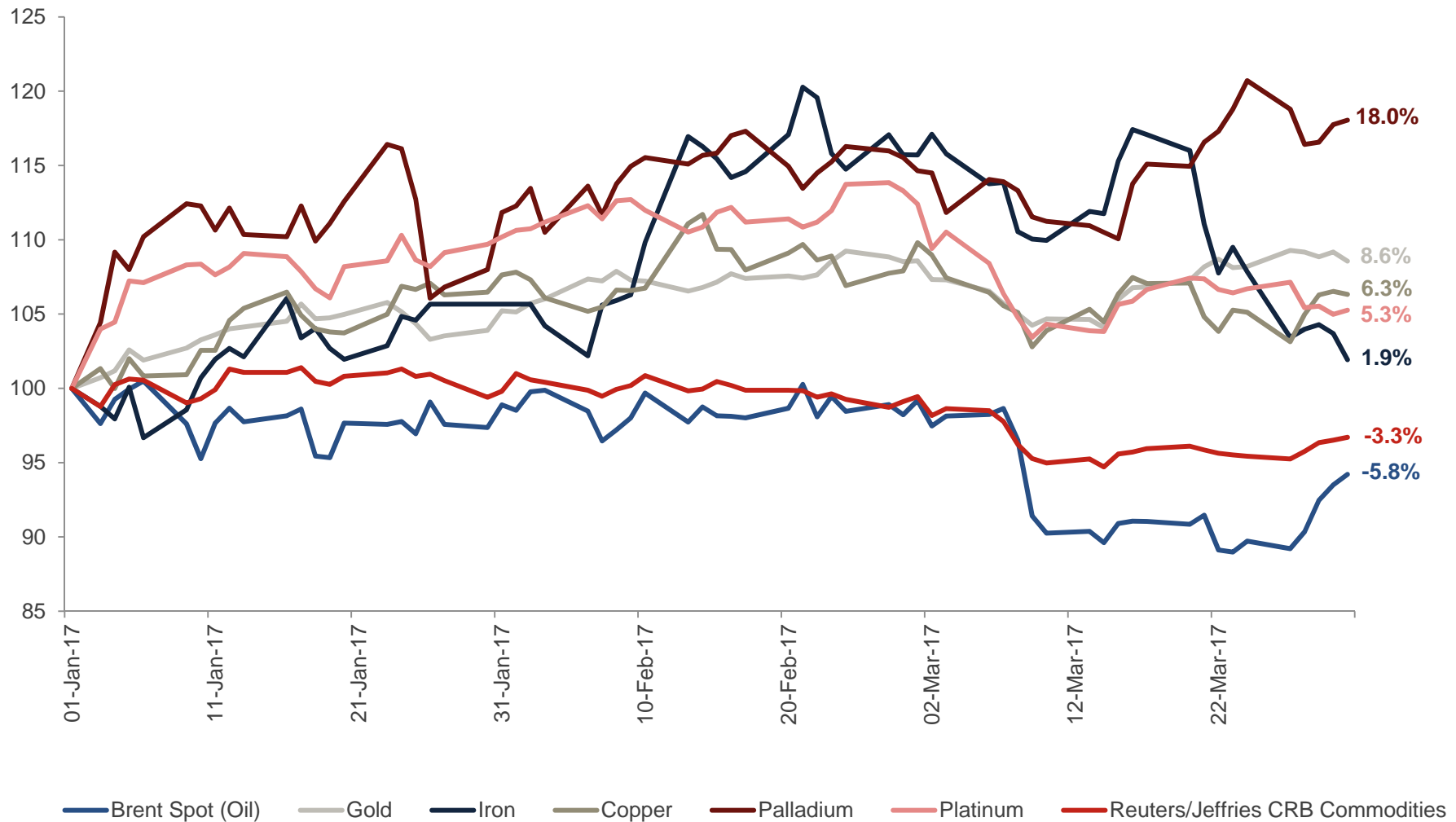
Source: INET BFA and Momentum Investments

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



# Commodities

Three months to March 2017



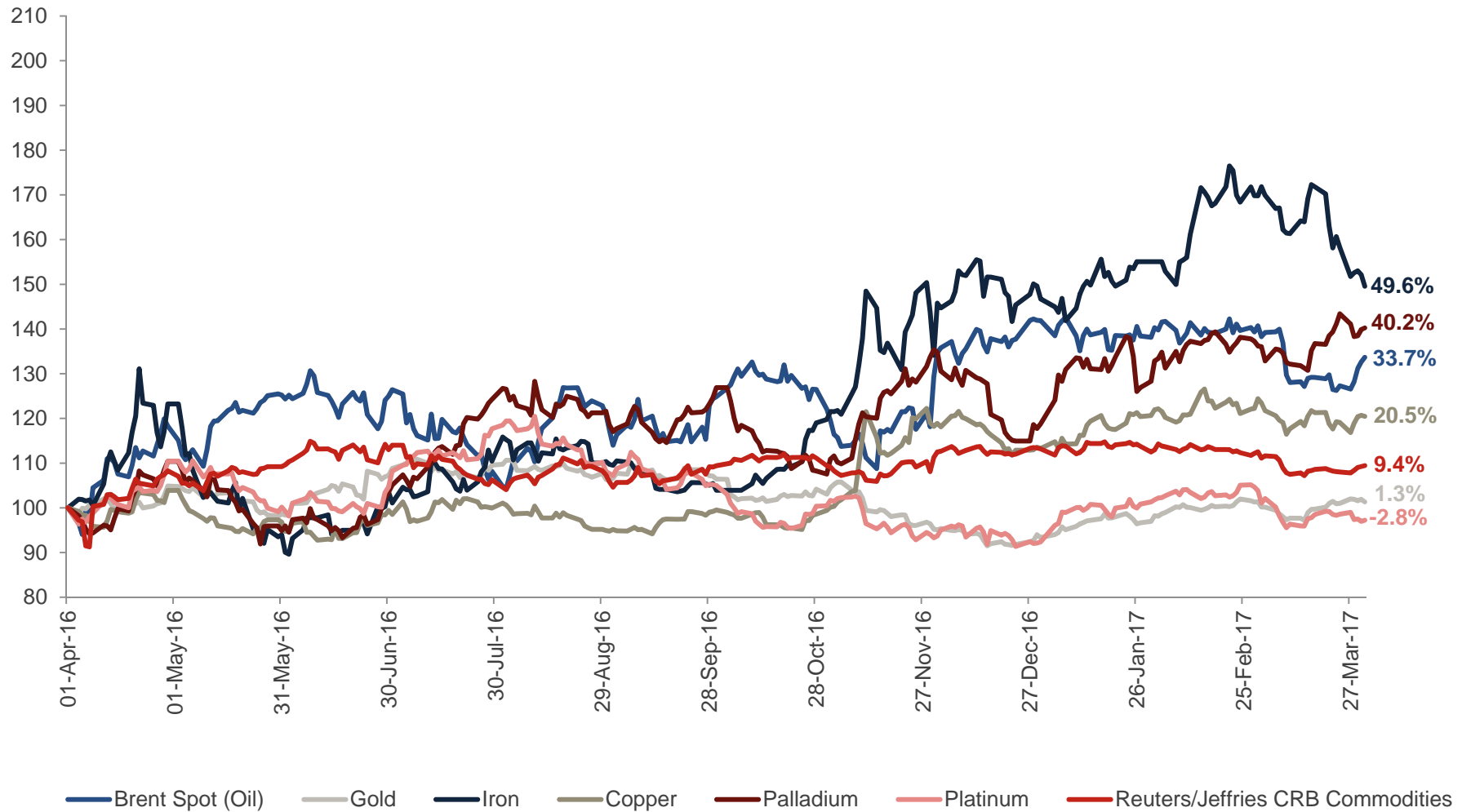
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



# Commodities

One year to March 2017



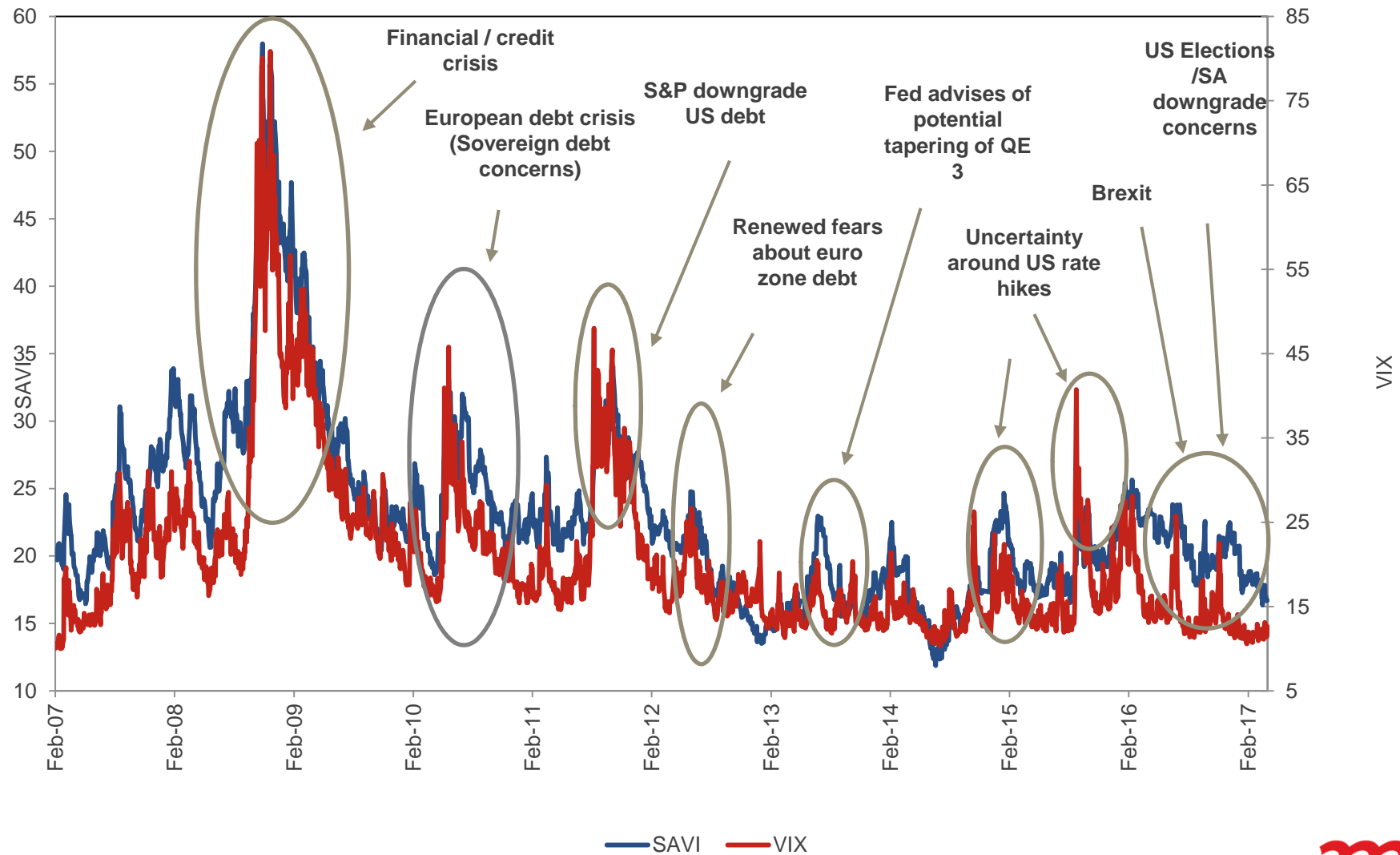
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



# SAVI-VIX

Since February 2007 to March 2017

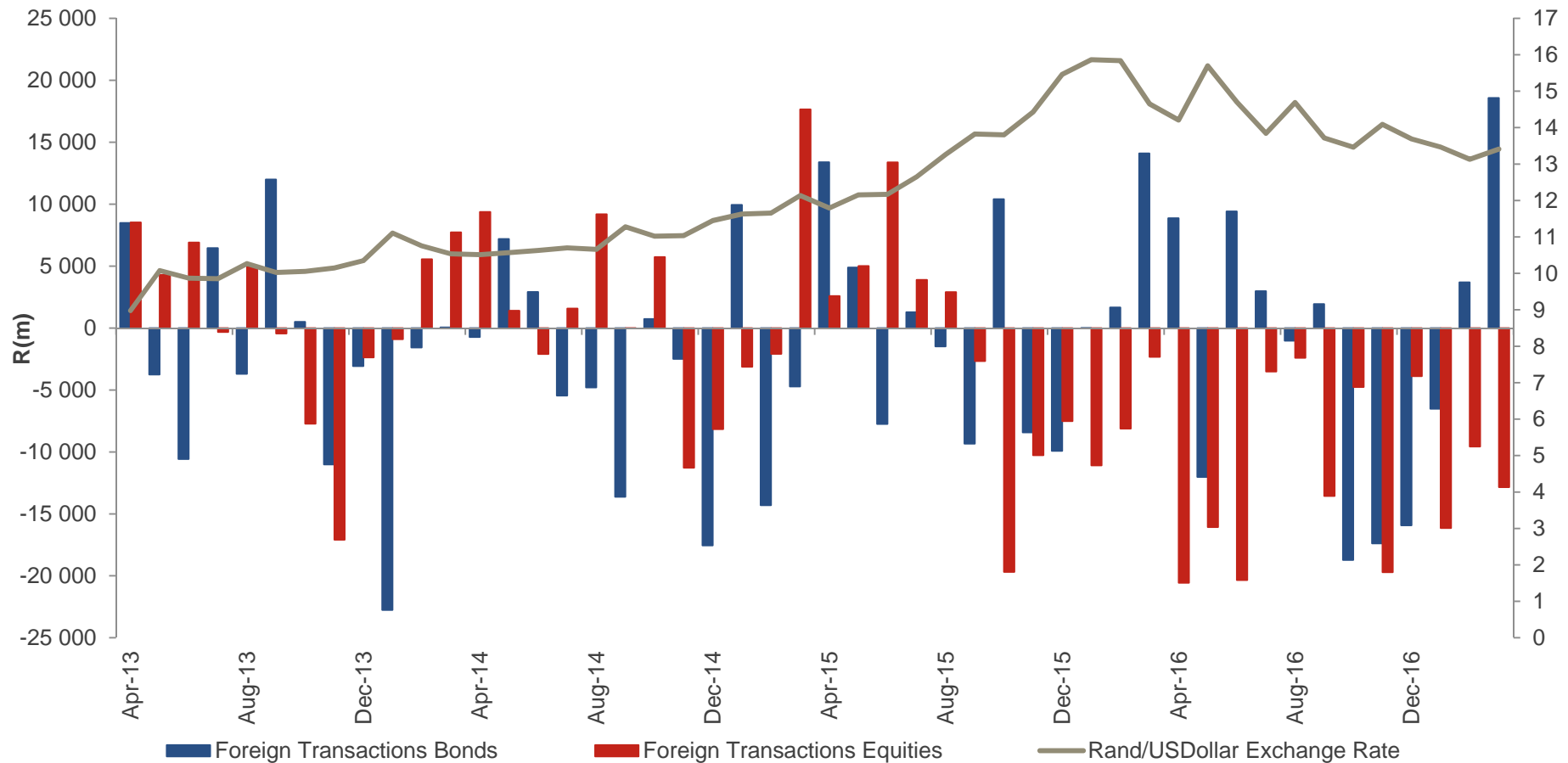


Source: INET BFA and Momentum Investments



# Foreign transactions

2013 to 2017



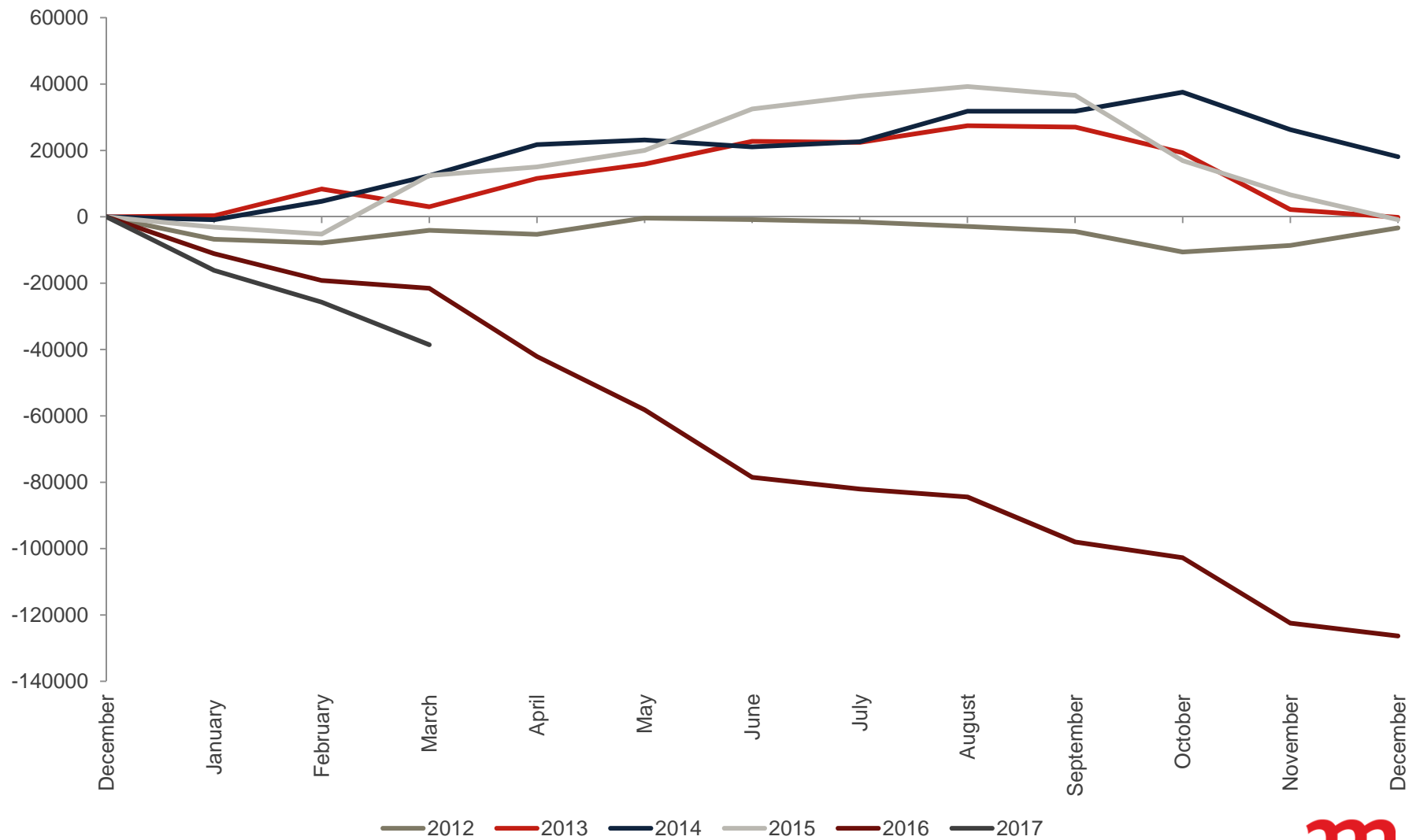
There have been mixed results over the years. However, for March 2017 net outflows have taken place for equities and net inflows for bonds.

Source: INET BFA and Momentum Investments



# Cumulative foreign transaction equities

2012 to 2017

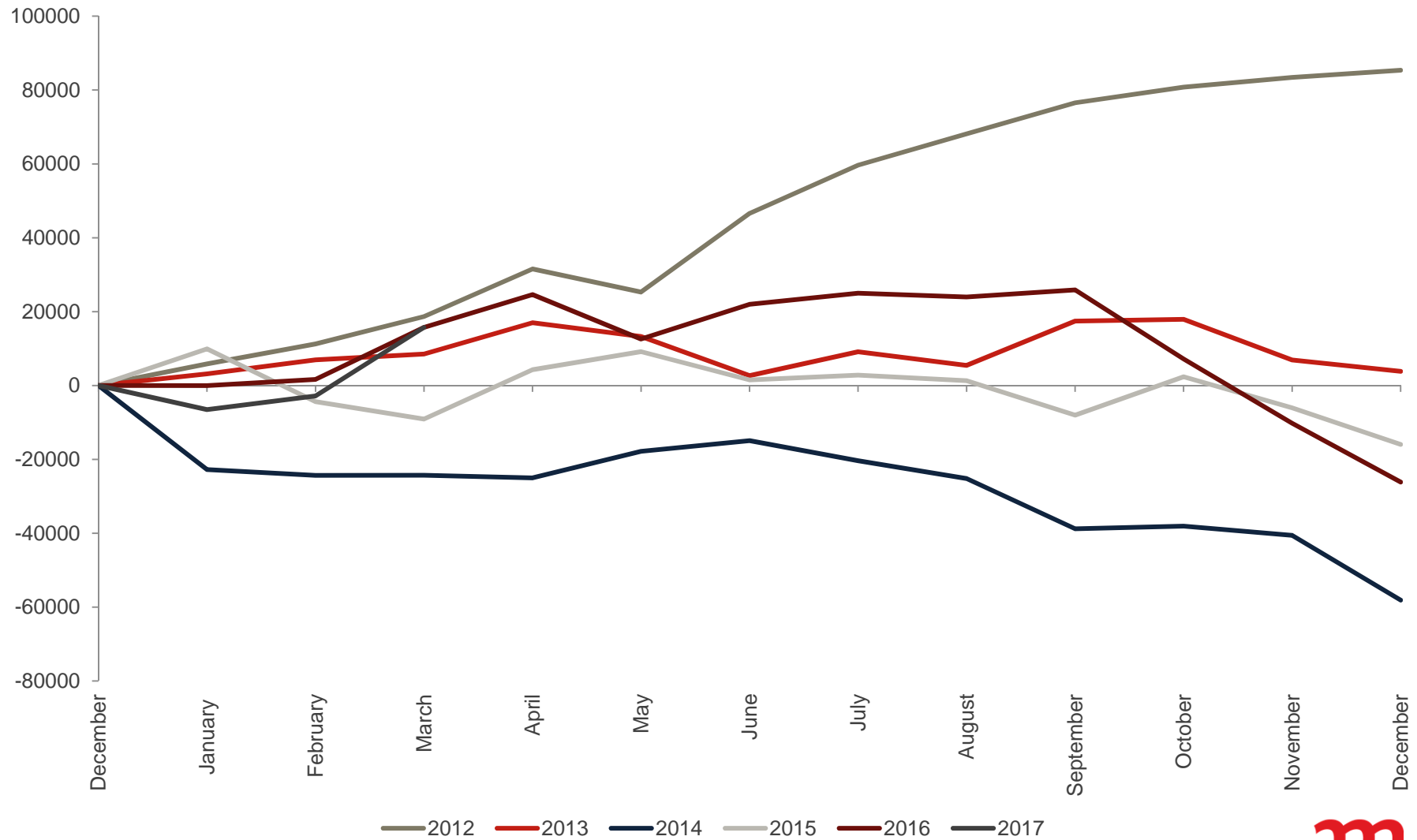


Source: INET BFA and Momentum Investments



# Cumulative foreign transaction bonds

2012 to 2017



Source: INET BFA and Momentum Investments



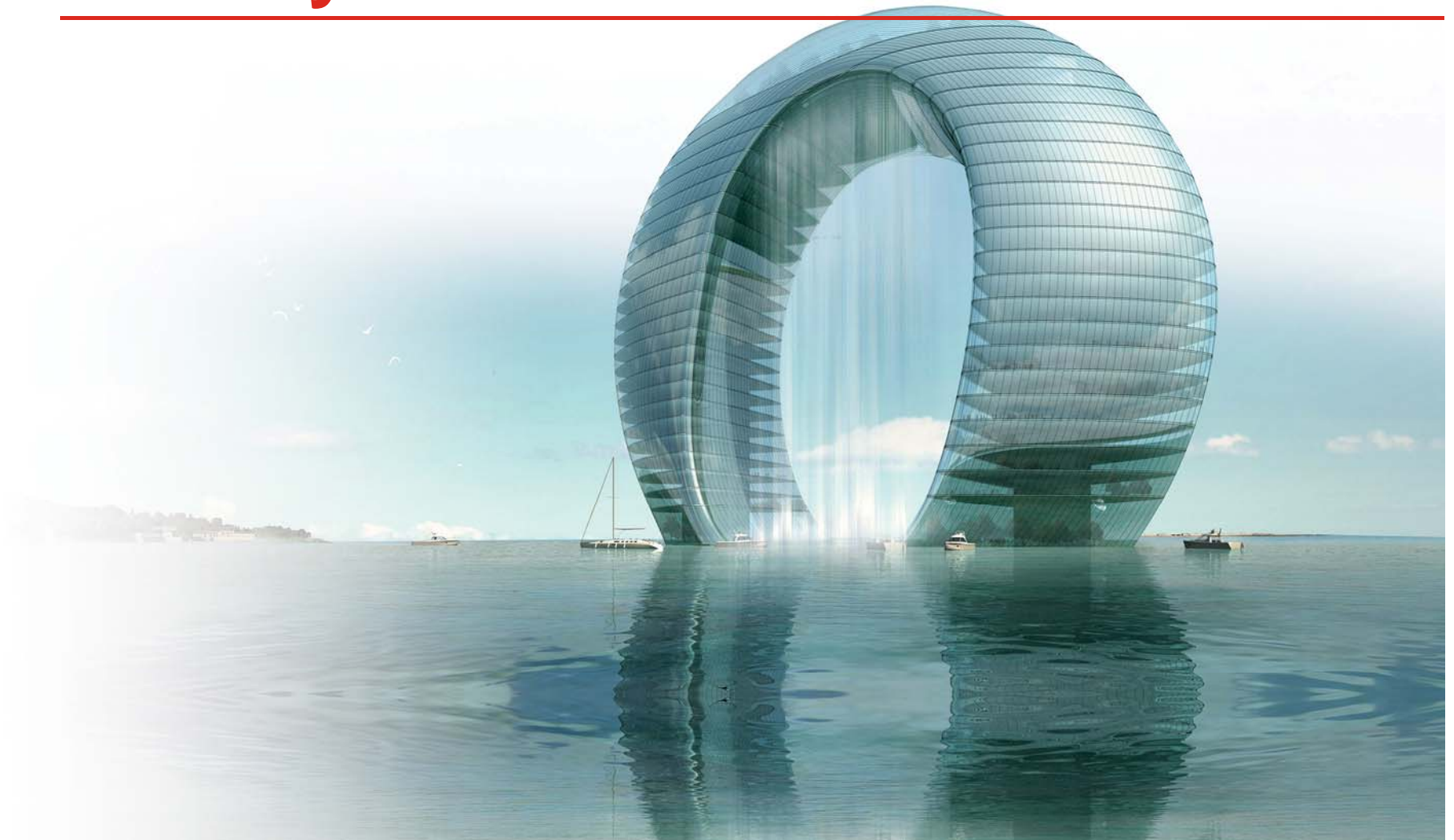


# **End of key market performance drivers monthly charts for March 2017**



**Thank you**

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# 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.
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