



**momentum**  
investments

**Key market performance drivers**

Monthly charts

January 2018

*Signatory of:*

**PR**I | Principles for  
Responsible  
Investment

# Market returns concentration

One-year returns ending:

## January-18

	NASPERS	
	STANDARD BANK GP	
	FIRSTRAND	
	SANLAM	
<b>Top 5</b>	MR PRICE	<b>71%</b>
<b>Top 6</b>	BIDVEST	<b>74%</b>
	ANGLO	
	SHOPRIT	
	IMPERIAL	
<b>Top 10</b>	DISCOVERY LIMITED	<b>83%</b>
	MTN GROUP	
	SASOL	
	BARCLAYS AFRICA GROUP	
	BARWORLD	
	OLDMUTUAL	
	CLICKS GROUP LTD	
	EXXARO	
	KUMBA IRON ORE	
	BID CORPORATION LIMITED	
<b>Top 20</b>	RMBH	<b>95%</b>
<b>Remaining</b>	(Positive)	<b>13%</b>
<b>Negative</b>	(64 Shares)	<b>-8%</b>

## December-17

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

## November-17

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

Market-cap weighted returns: 10 shares contributed 83% to the return of the SWIX, while 20 shares contributed 95%

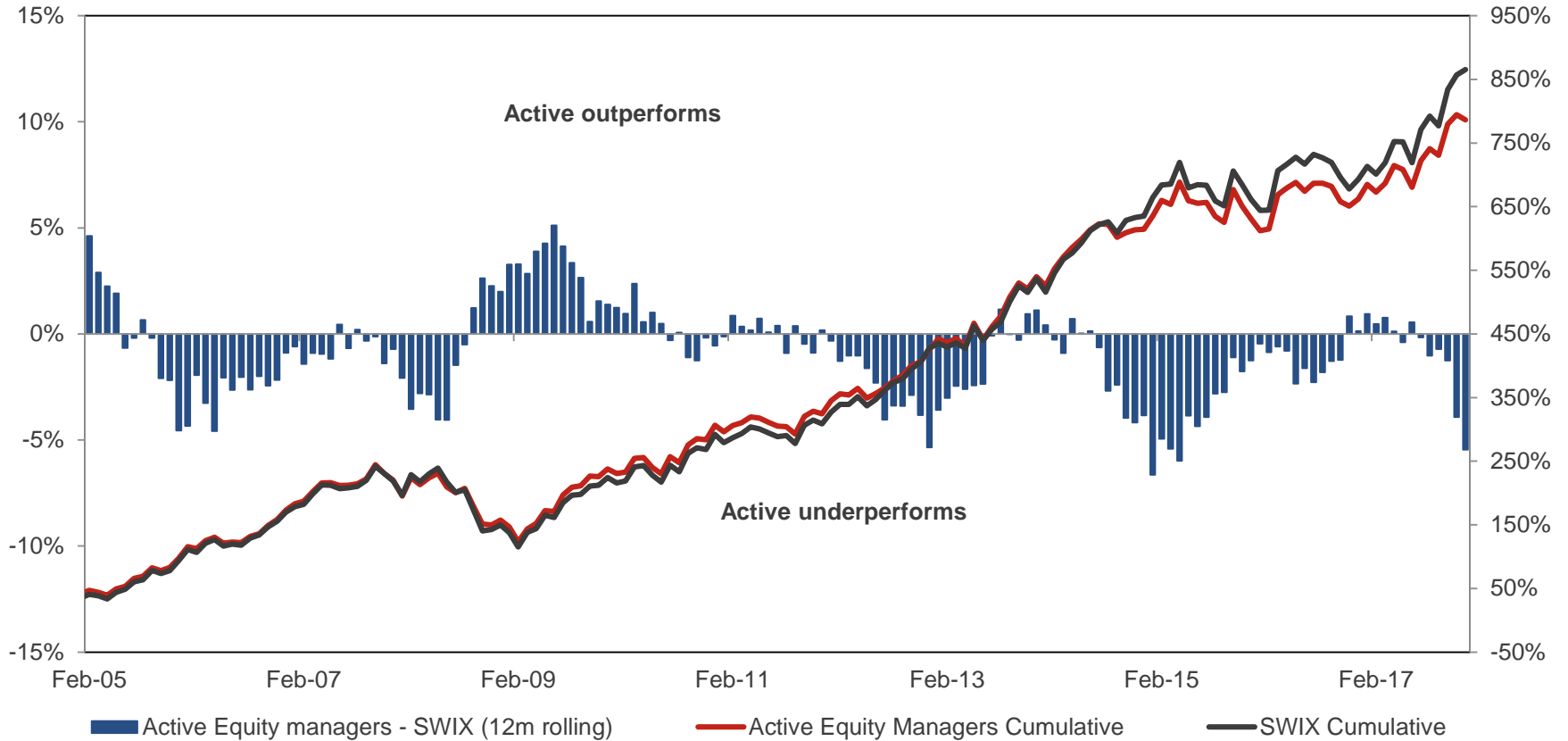
Source: Barra, Deutsche Securities and Momentum Investments



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# Active-index analysis

One-year rolling active to December\* 2017



Median of Active Equity Managers vs Capped SWIX (SWIX from inception until Oct 2017)  
 The median of the active equity managers underperformed the Capped SWIX for the year ended December 2017

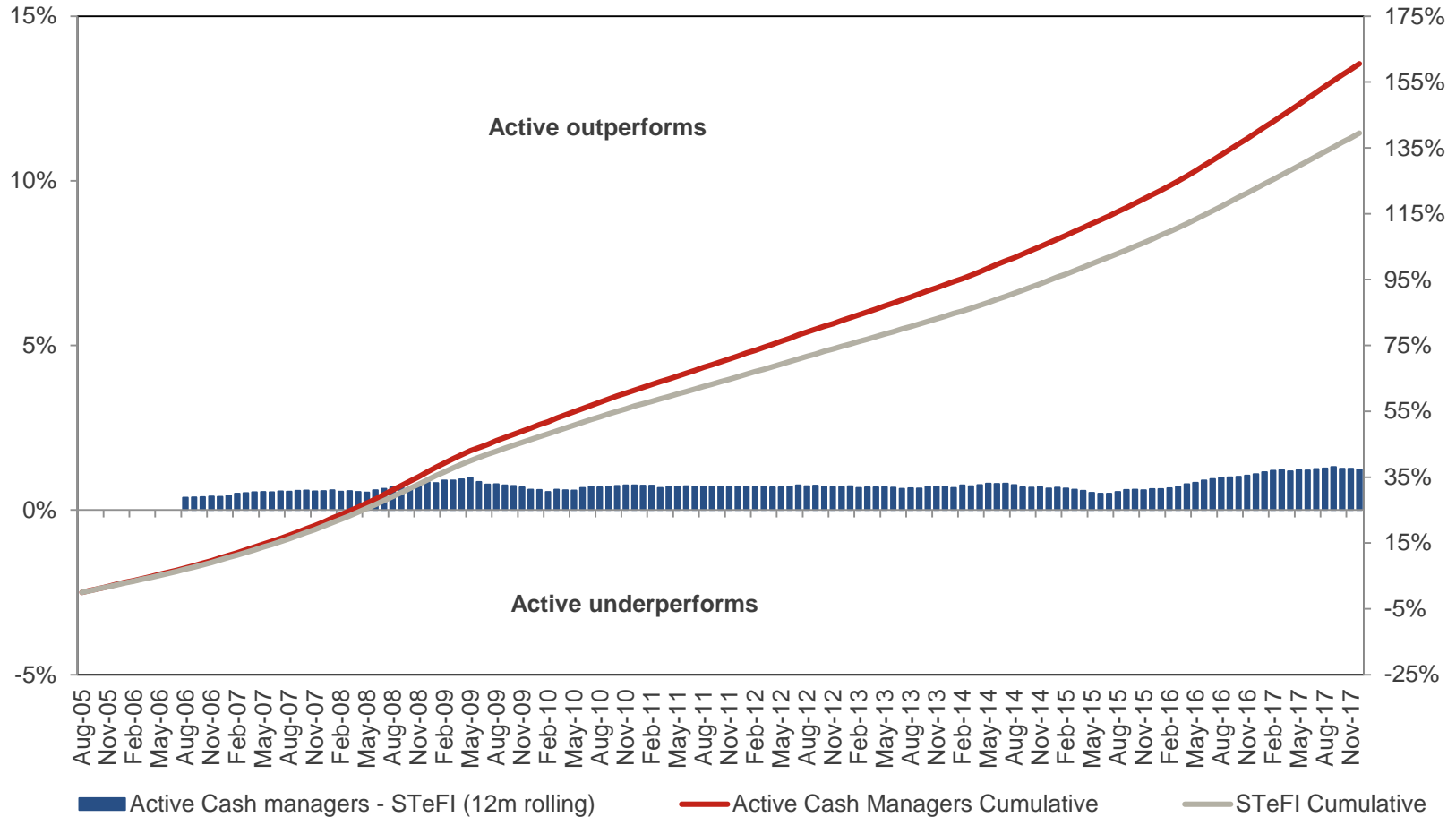
Source: Alexander Forbes SA Equity Manager Watch™, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data



# Active versus tracker: Cash

One-year rolling average to December\* 2017



## Median of Active Money Market Managers vs SteFI

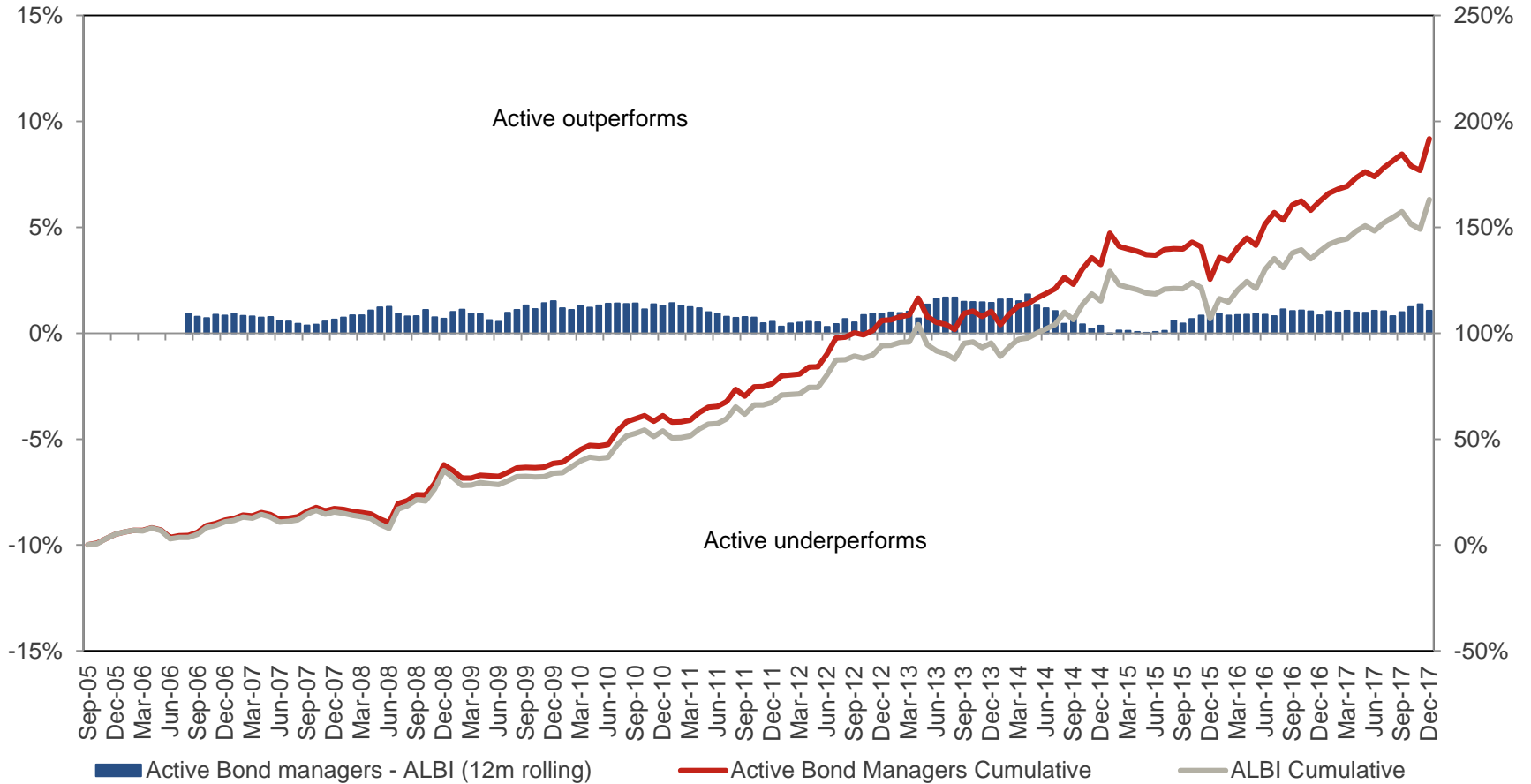
Source: Alexander Forbes SA Money Market Manager Watch™, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data



# Active versus tracker: Bonds

One-year rolling average to December\* 2017



## Median of Active Bond Managers vs ALBI

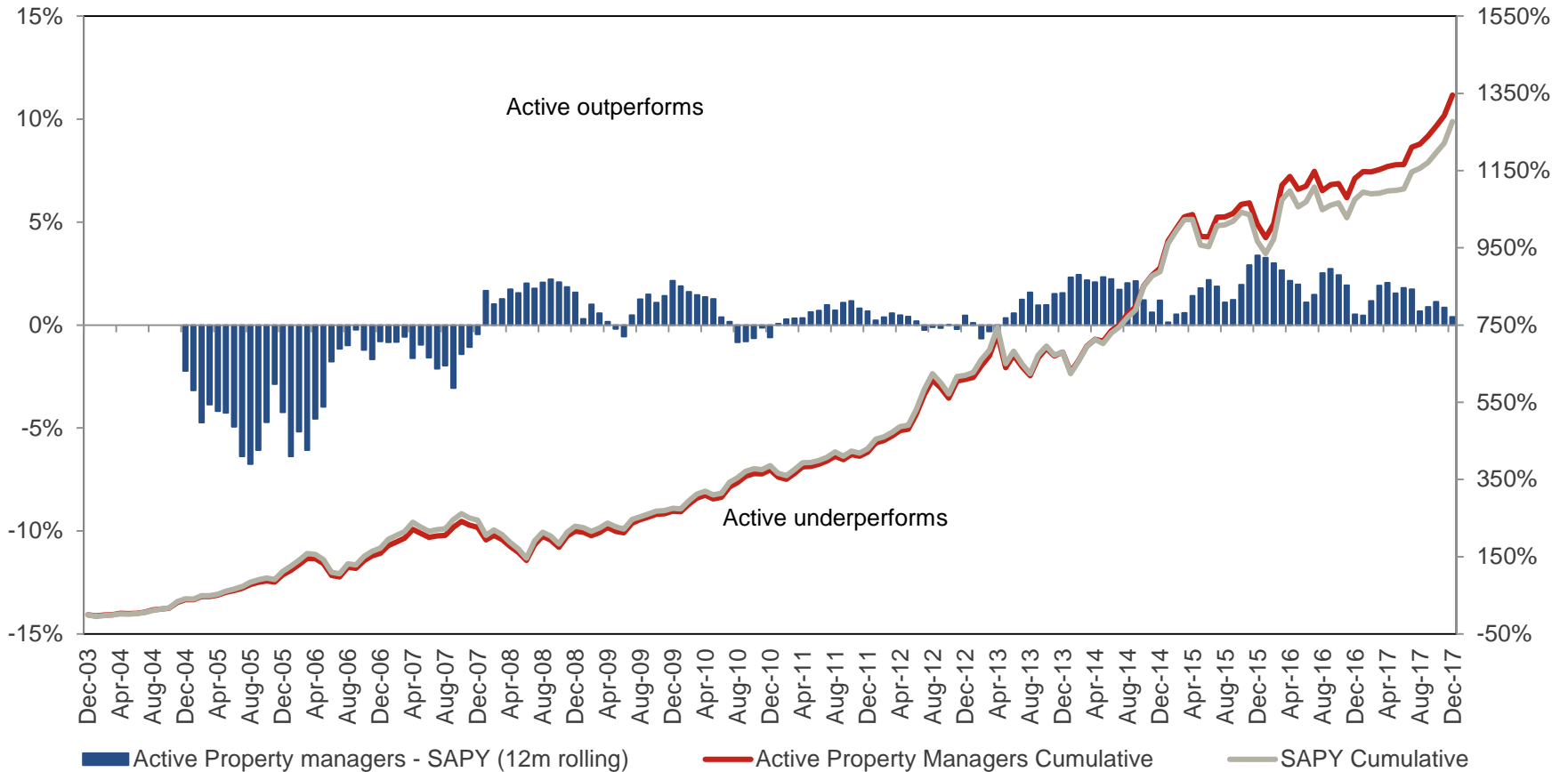
Source: Alexander Forbes SA Bond Manager Watch™, INET BFA and Momentum Investments

\* Lagged by one month due to availability of data



# Active versus tracker: Property

One-year rolling average to December\* 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 January 2018

ZAR	Styles	One month to Jan 2018	Three months to Jan 2018	One year to Jan 2018	Three years to Jan 2018	Five years to Jan 2018	Ten years to Jan 2018	Twenty years to Jan 2018
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
Size 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	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 over the very long term (20 years)

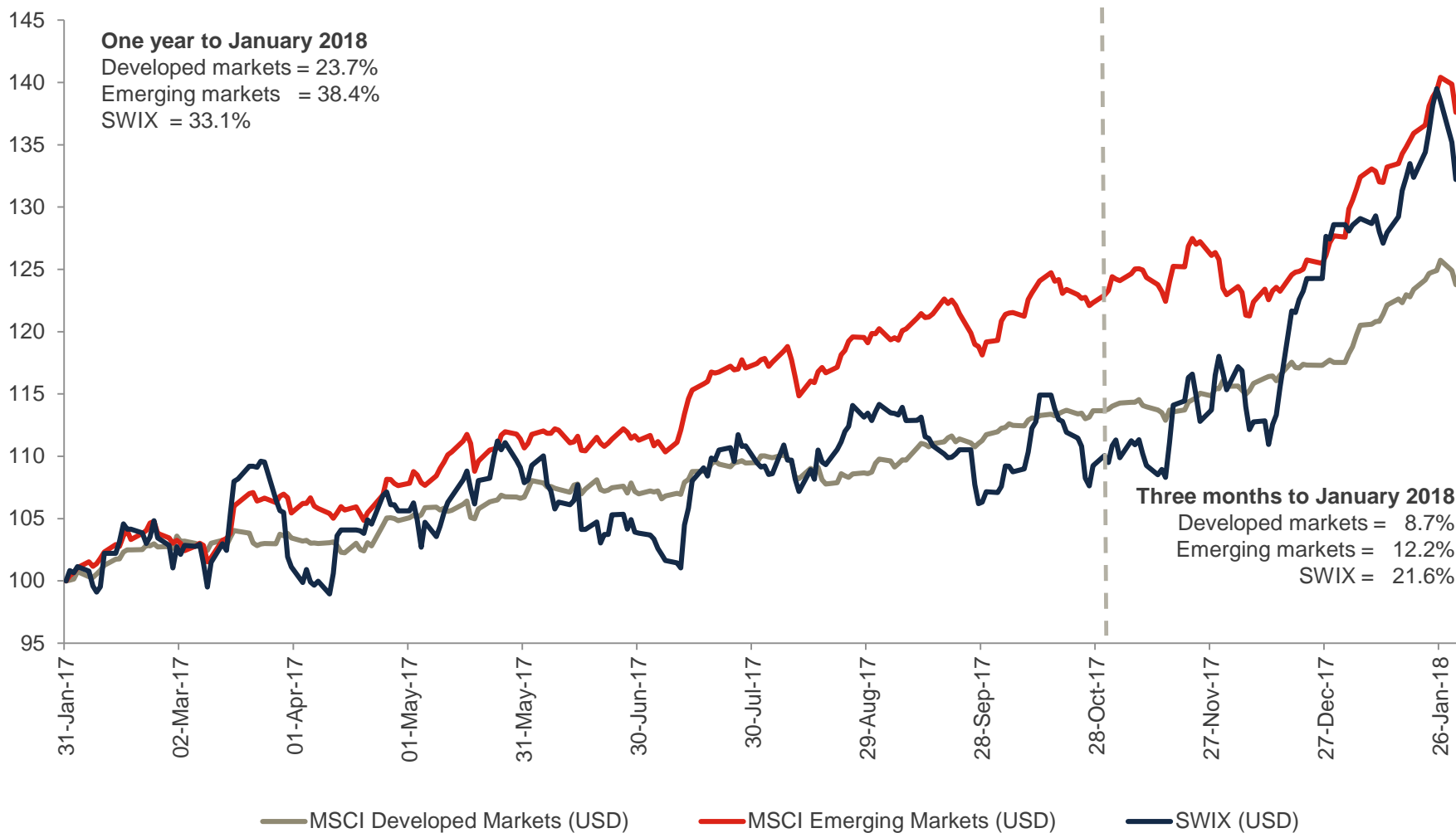
Source: FactSet, Momentum Global Investment Management and Momentum Investments



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# MSCI developed and emerging markets

One year to January 2018



Source: INET BFA, MSCI and Momentum Investments



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# SA 10-year bond yields

Five years to January 2018



Source: INET BFA and Momentum Investments



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# Yield of R197 (inflation-linked bond)

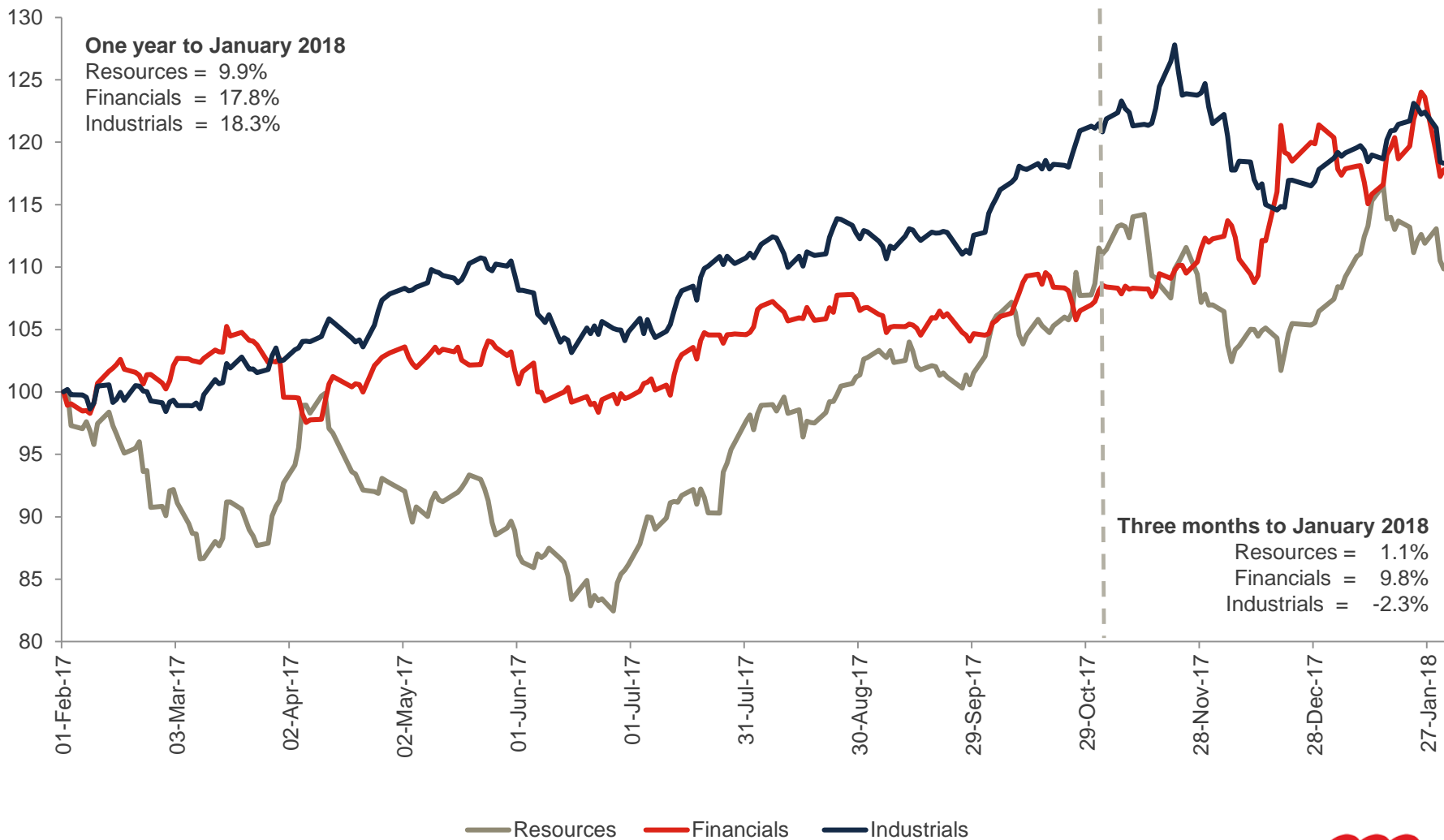
May 2001 to January 2018



Source: INET BFA and Momentum Investments

# FTSE/JSE sectors

One year to January 2018



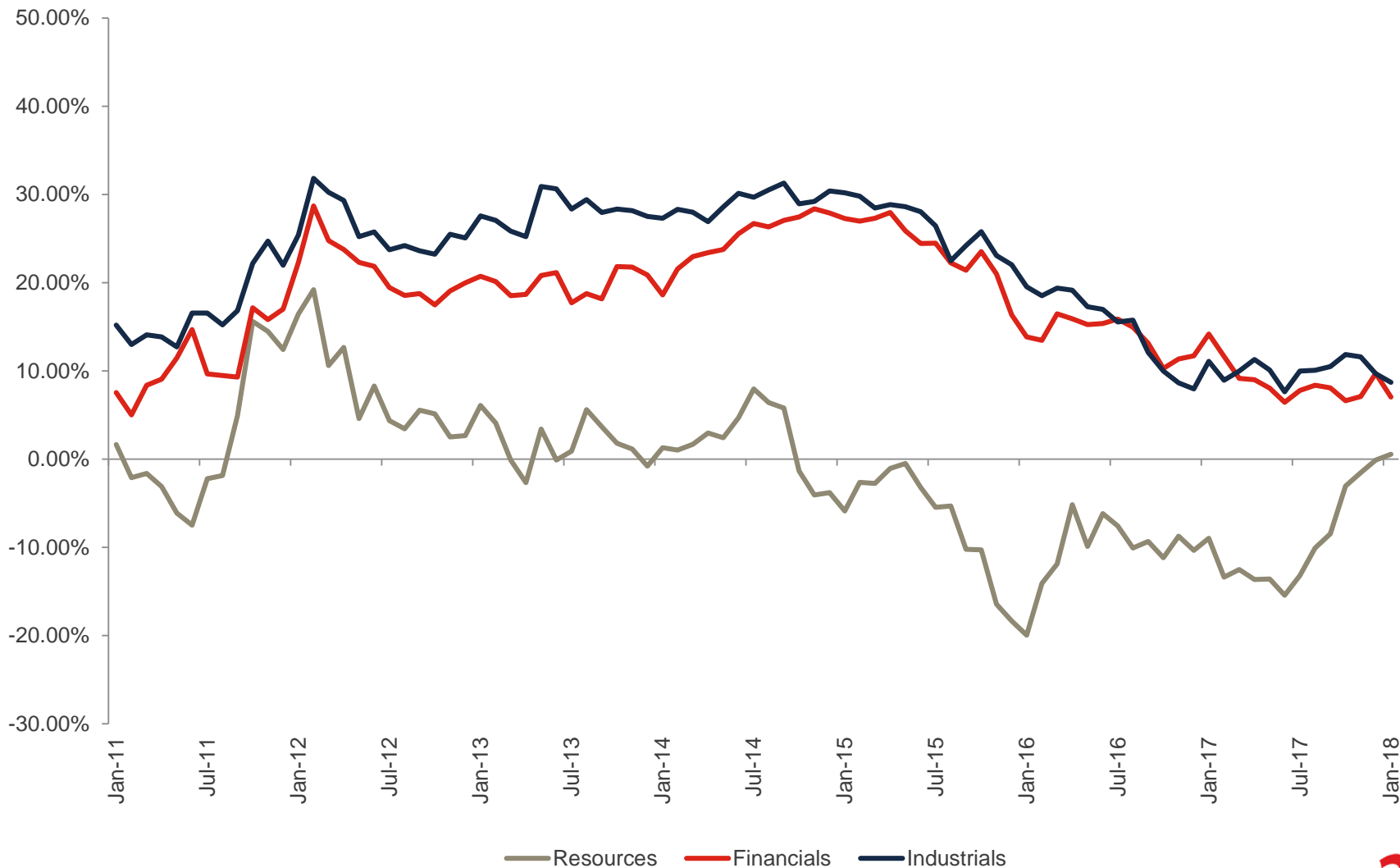
Source: INET BFA and Momentum Investments



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# FTSE/JSE sectors

Rolling three-year return to January 2018



Source: INET BFA and Momentum Investments

Returns are annualised



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# FTSE/JSE sectors

## Decomposed

### Three months to January 2018

1	General Retailers	Consumer Services	31.5%	19	Health Care Equipment & Services	Health Care	1.2%
2	Industrial Transportation	Industrials	23.7%	20	Electronic & Electrical Equipment	Industrials	1.2%
3	Industrial Metals	Basic Materials	23.4%	21	General Financial	Financials	1.1%
4	Banks	Financials	22.9%	22	Fixed Line Telecommunications	Telecommunication	-0.3%
5	Travel & Leisure	Consumer Services	19.1%	23	Coal Mining	Mining	-0.5%
6	General Industrials	Industrials	19.1%	24	Real Estate Investment Trusts	Financials	-1.0%
7	Non-life Insurance	Financials	18.9%	25	Media	Consumer Services	-1.8%
8	Life Insurance	Financials	16.5%	26	Forestry & Paper	Basic Materials	-7.2%
9	Food Producers	Consumer Goods	14.7%	27	Platinum Mining	Mining	-8.7%
10	Automobiles & Parts	Consumer Goods	12.0%	28	Gold Mining	Mining	-9.5%
11	Construction & Materials	Industrials	7.6%	29	Tobacco	Consumer Goods	-9.8%
12	Mobile Telecommunications	Telecommunication	7.0%	30	Personal Goods	Consumer Goods	-12.0%
13	Food & Drug Retailers	Consumer Services	7.0%	31	Real Estate Investment & Services	Financials	-14.3%
14	Beverages	Consumer Goods	6.2%	32	Equity Investment Instruments	Financials	-14.9%
15	General Mining	Mining	5.0%	33	Pharmaceuticals & Biotechnology	Health Care	-14.9%
16	Support Services	Industrials	4.5%	34	Software & Computer Services	Technology	-23.1%
17	Industrial Engineering	Industrials	4.4%	35	Household Goods	Consumer Goods	-88.9%
18	Chemicals	Basic Materials	3.0%				

### Key

#### Resources

Financials

Industrials

Source: Barra, Deutsche Securities and Momentum Investments



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# FTSE/JSE sectors

## Decomposed

One year to January 2018

1	Media	Consumer Services	58.4%	19	Real Estate Investment & Services	Financials	4.0%
2	Industrial Metals	Basic Materials	54.0%	20	Tobacco	Consumer Goods	3.7%
3	Industrial Transportation	Industrials	47.2%	21	Real Estate Investment Trusts	Financials	2.3%
4	Coal Mining	Mining	43.1%	22	Automobiles & Parts	Consumer Goods	-0.4%
5	Banks	Financials	34.7%	23	General Financial	Financials	-0.6%
6	Non-life Insurance	Financials	29.0%	24	Industrial Engineering	Industrials	-3.8%
7	Life Insurance	Financials	26.3%	25	Beverages	Consumer Goods	-5.7%
8	Food & Drug Retailers	Consumer Services	26.2%	26	Equity Investment Instruments	Financials	-6.3%
9	General Industrials	Industrials	22.6%	27	Electronic & Electrical Equipment	Industrials	-9.4%
10	General Retailers	Consumer Services	21.3%	28	Pharmaceuticals & Biotechnology	Health Care	-11.9%
11	General Mining	Mining	18.2%	29	Travel & Leisure	Consumer Services	-12.1%
12	Construction & Materials	Industrials	13.9%	30	Gold Mining	Mining	-15.8%
13	Personal Goods	Consumer Goods	11.6%	31	Platinum Mining	Mining	-16.9%
14	Mobile Telecommunications	Telecommunication	10.6%	32	Health Care Equipment & Services	Health Care	-17.1%
15	Chemicals	Basic Materials	9.3%	33	Fixed Line Telecommunications	Telecommunication	-24.8%
16	Food Producers	Consumer Goods	8.9%	34	Software & Computer Services	Technology	-33.6%
17	Forestry & Paper	Basic Materials	7.2%	35	Household Goods	Consumer Goods	-89.4%
18	Support Services	Industrials	6.3%				

### Key

Resources

Financials

Industrials

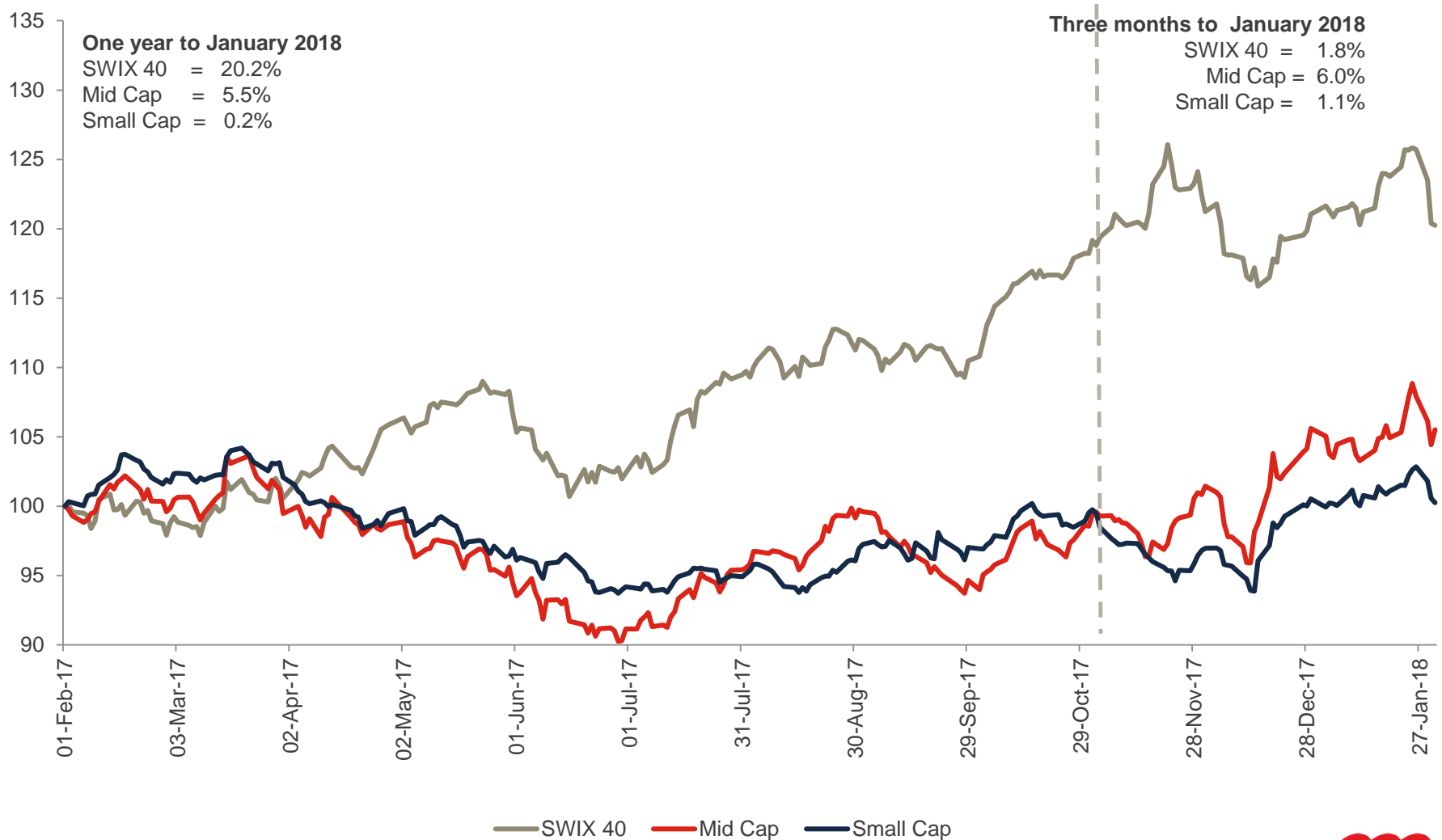
Source: Barra, Deutsche Securities and Momentum Investments



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# FTSE/JSE market caps

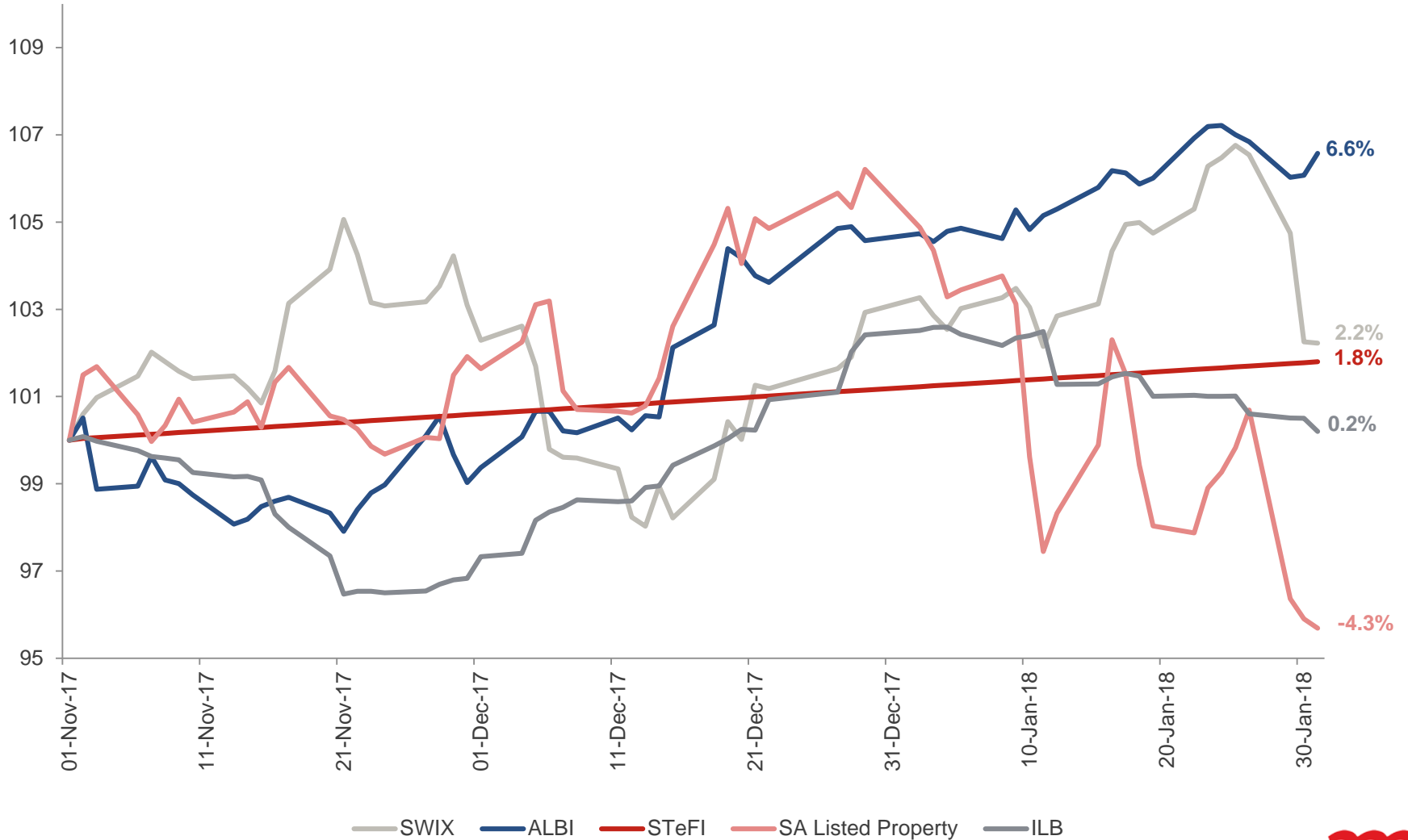
One year to January 2018



Source: INET BFA and Momentum Investments

# Local asset classes

Three months to January 2018



Source: INET BFA and Momentum Investments

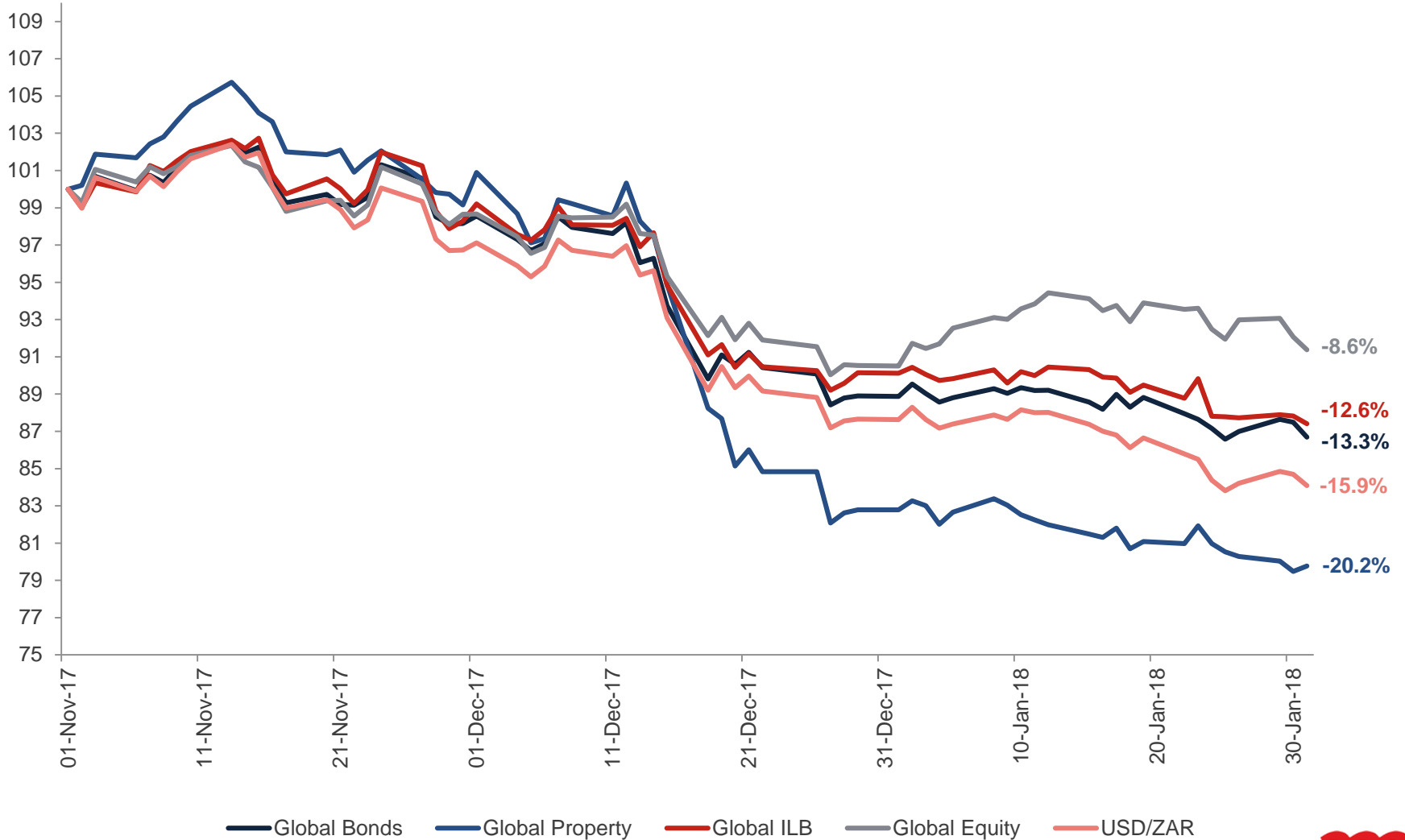


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# Global asset classes

Three months to January 2018



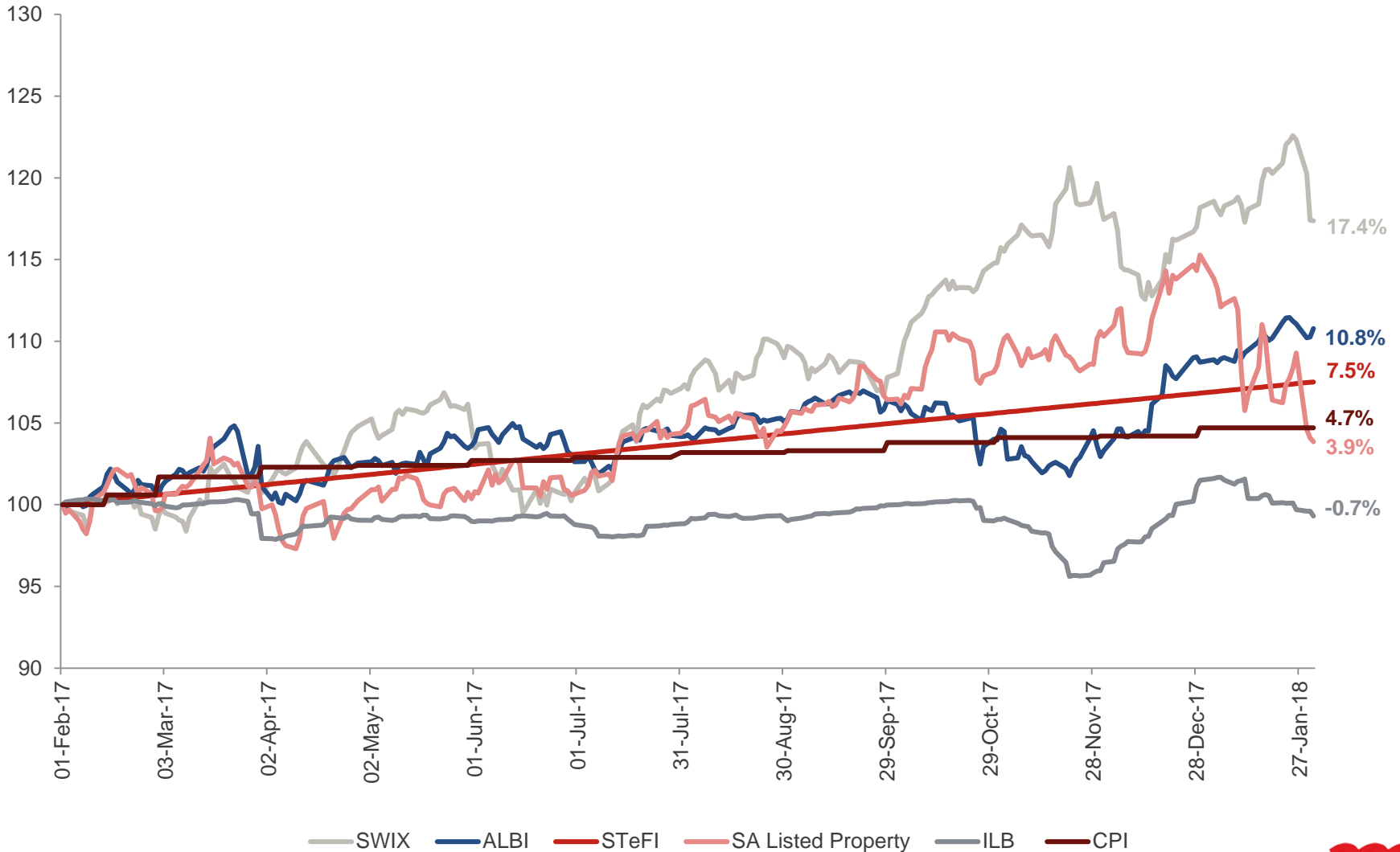
Source: INET BFA and Momentum Investments



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# Local asset classes

One year to January 2018



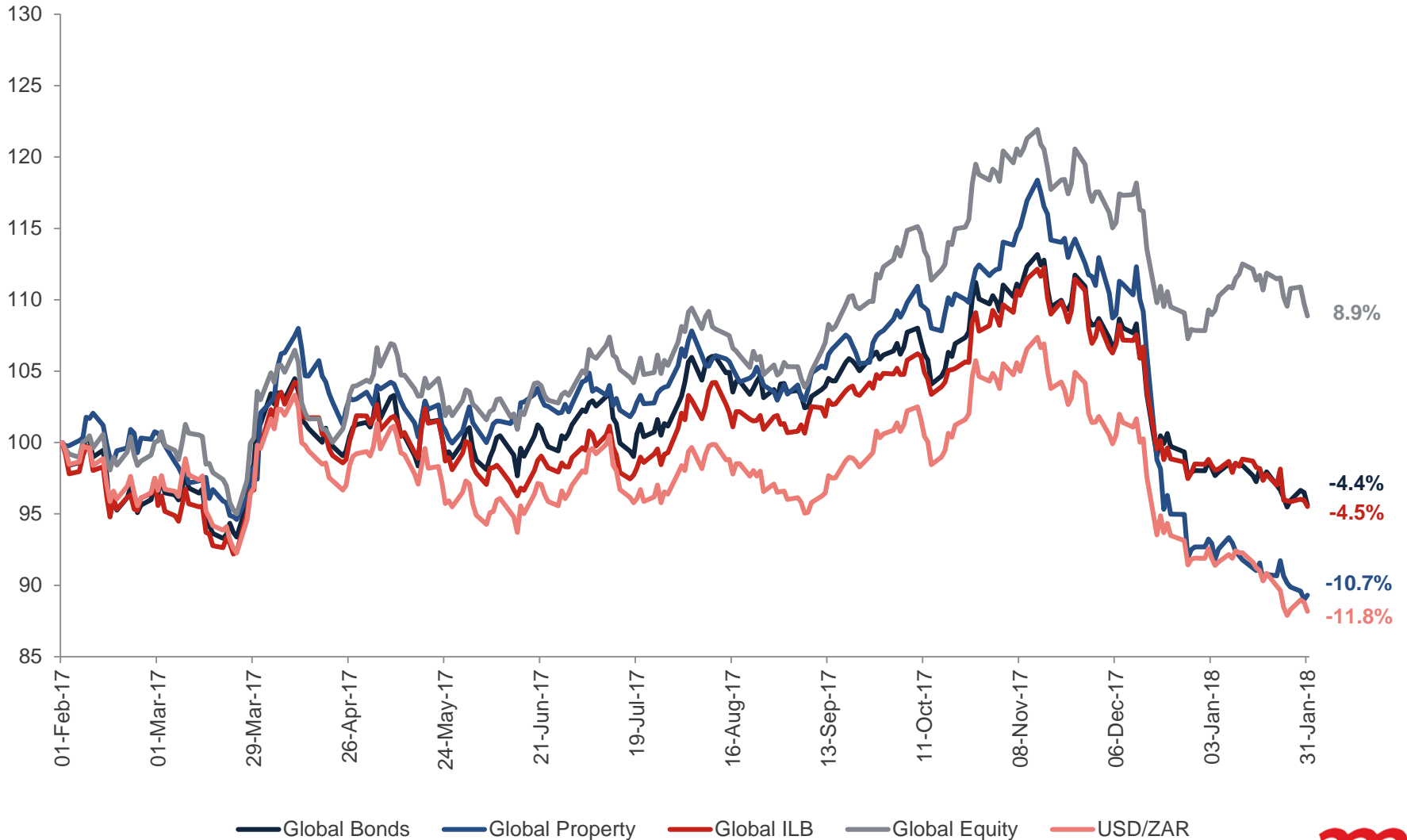
Source: INET BFA and Momentum Investments

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



# Global asset classes

One year to January 2018



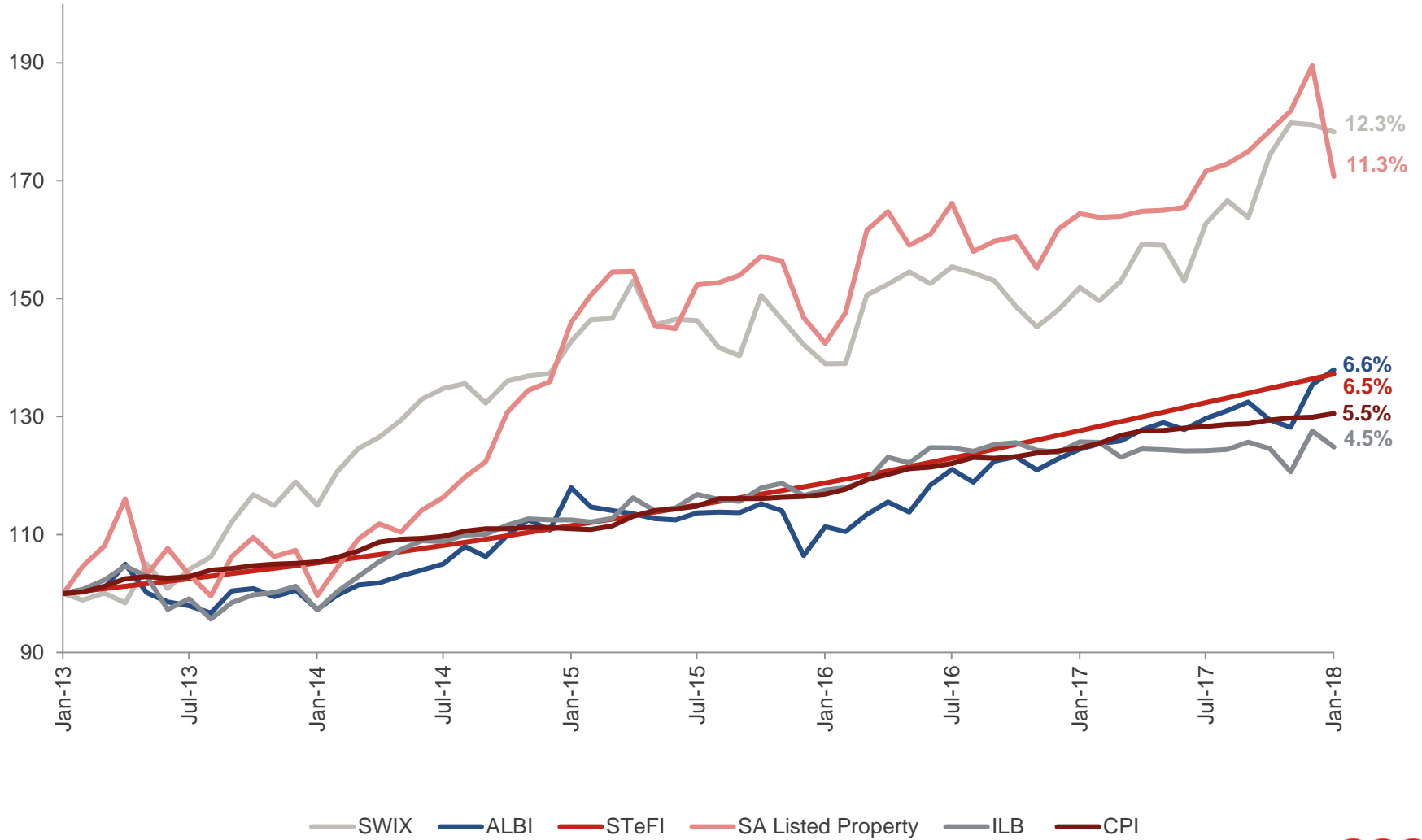
Source: INET BFA and Momentum Investments



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# Local asset classes

Five years to January 2018



Source: INET BFA and Momentum Investments

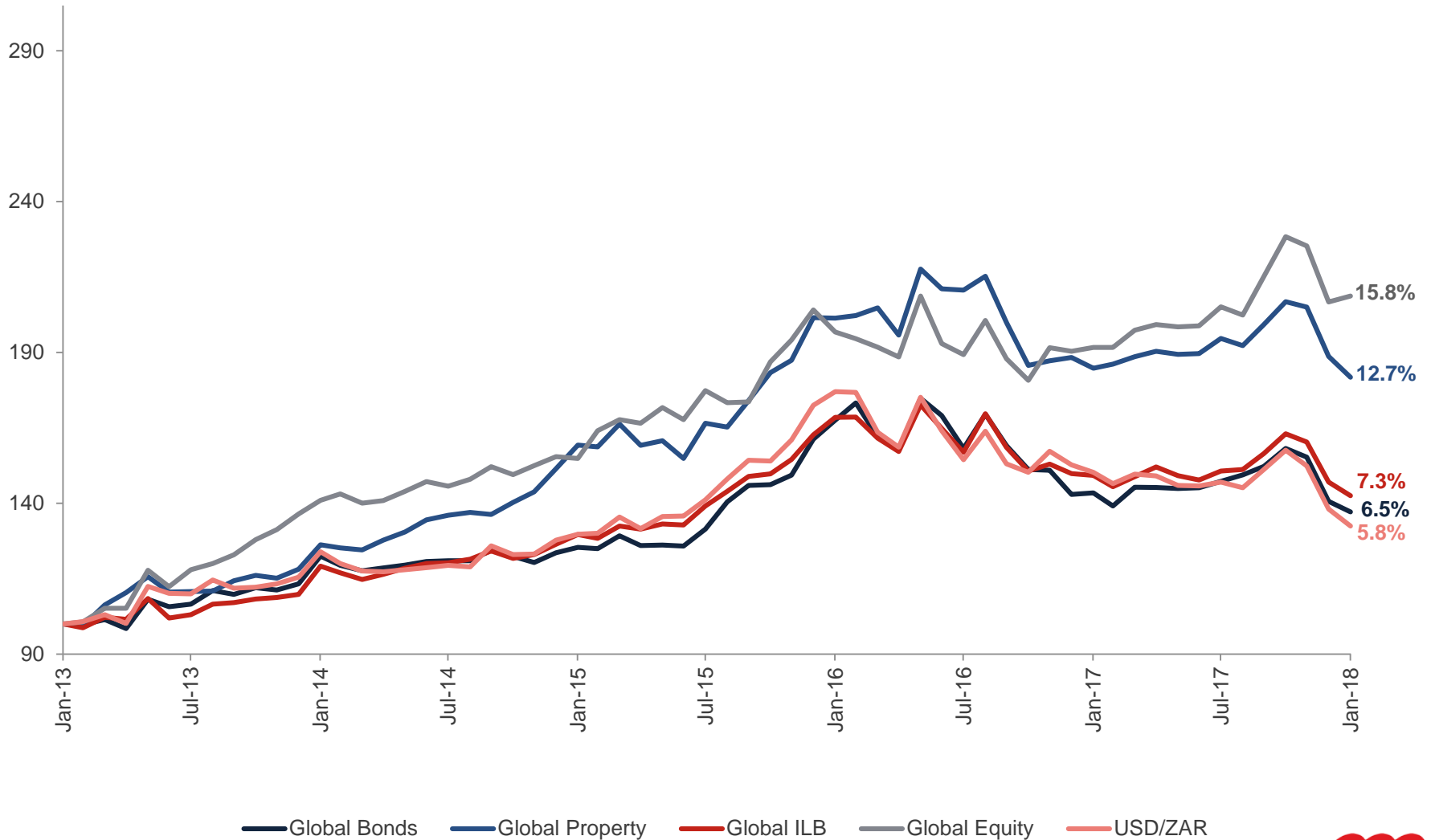
\*CPI is lagged by one month due to availability of inflation data



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# Global asset classes

Five years to January 2018



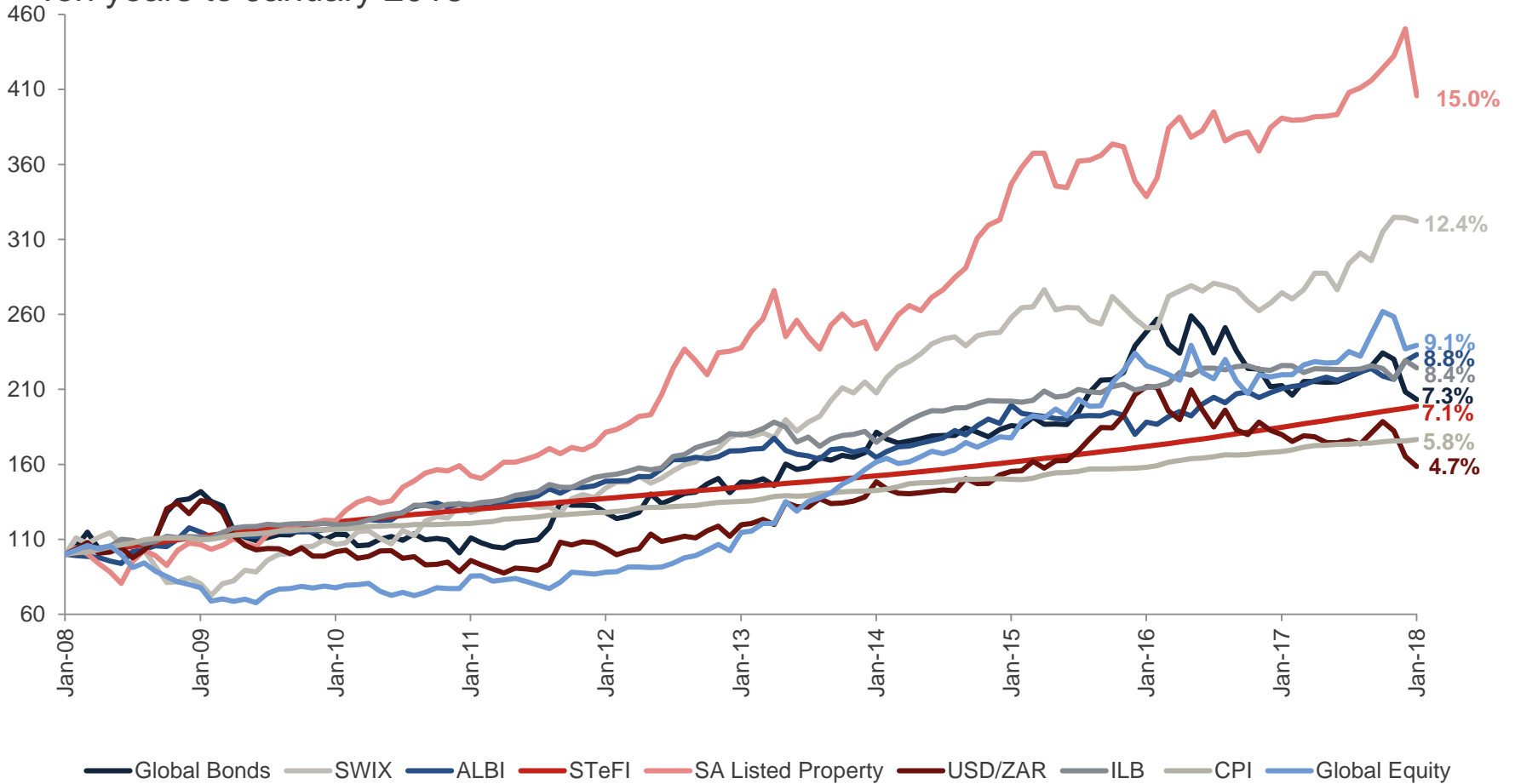
Source: INET BFA and Momentum Investments



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# Asset classes

Ten years to January 2018



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

Source: INET BFA and Momentum Investments

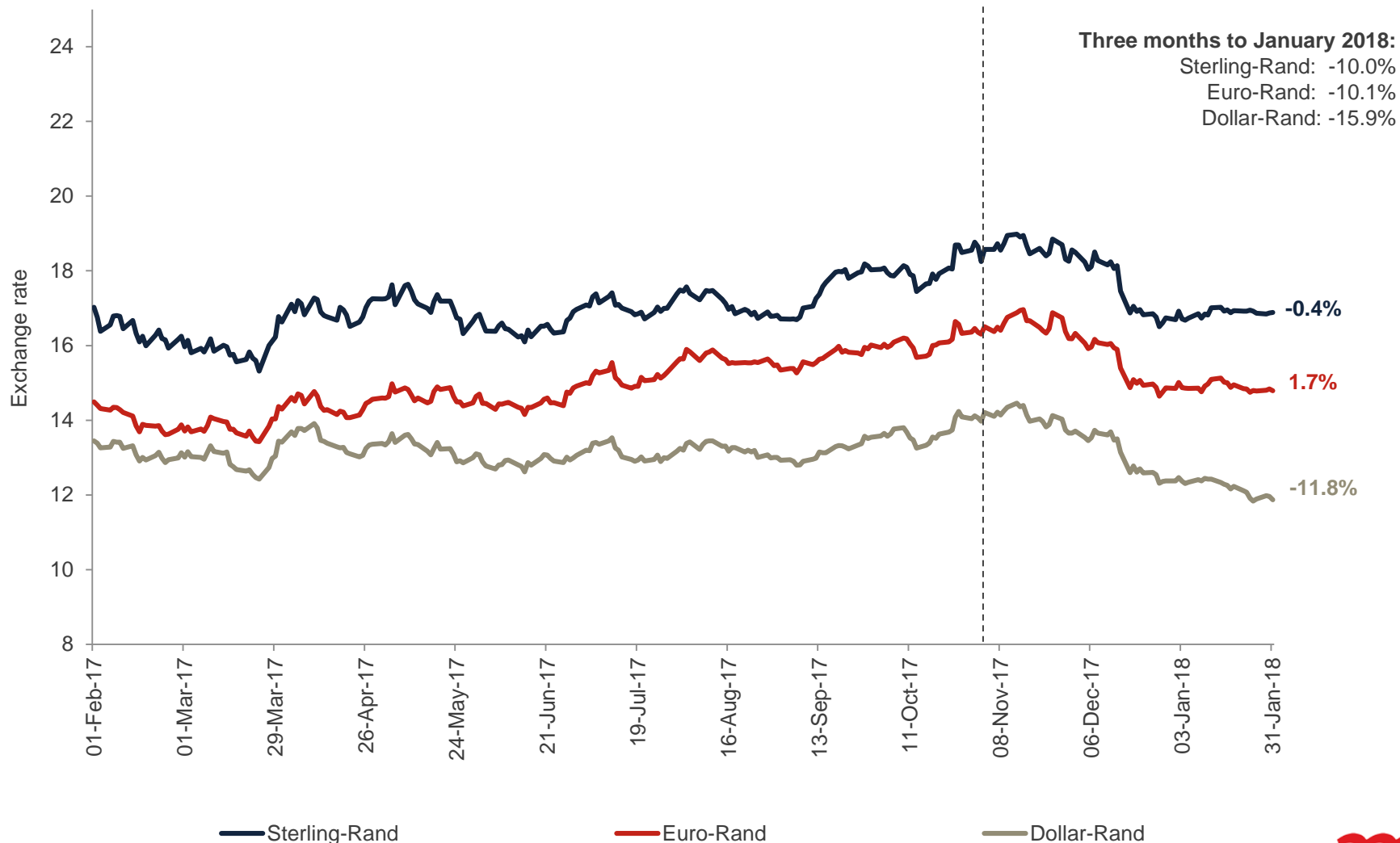
\*CPI is lagged by one month due to availability of inflation data



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# Exchange rates

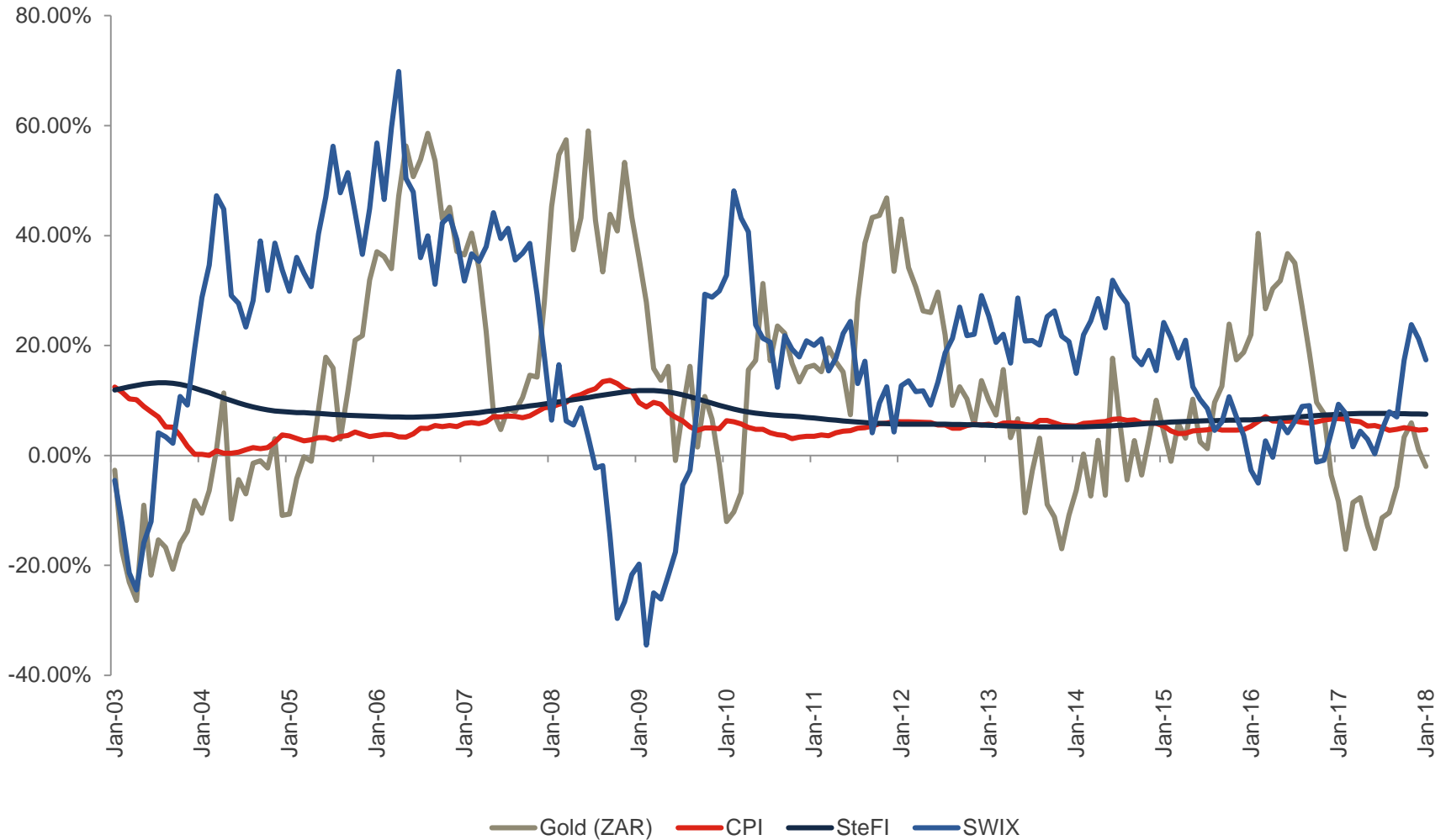
One year to January 2018



Source: INET BFA and Momentum Investments

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

One-year rolling returns to January 2018



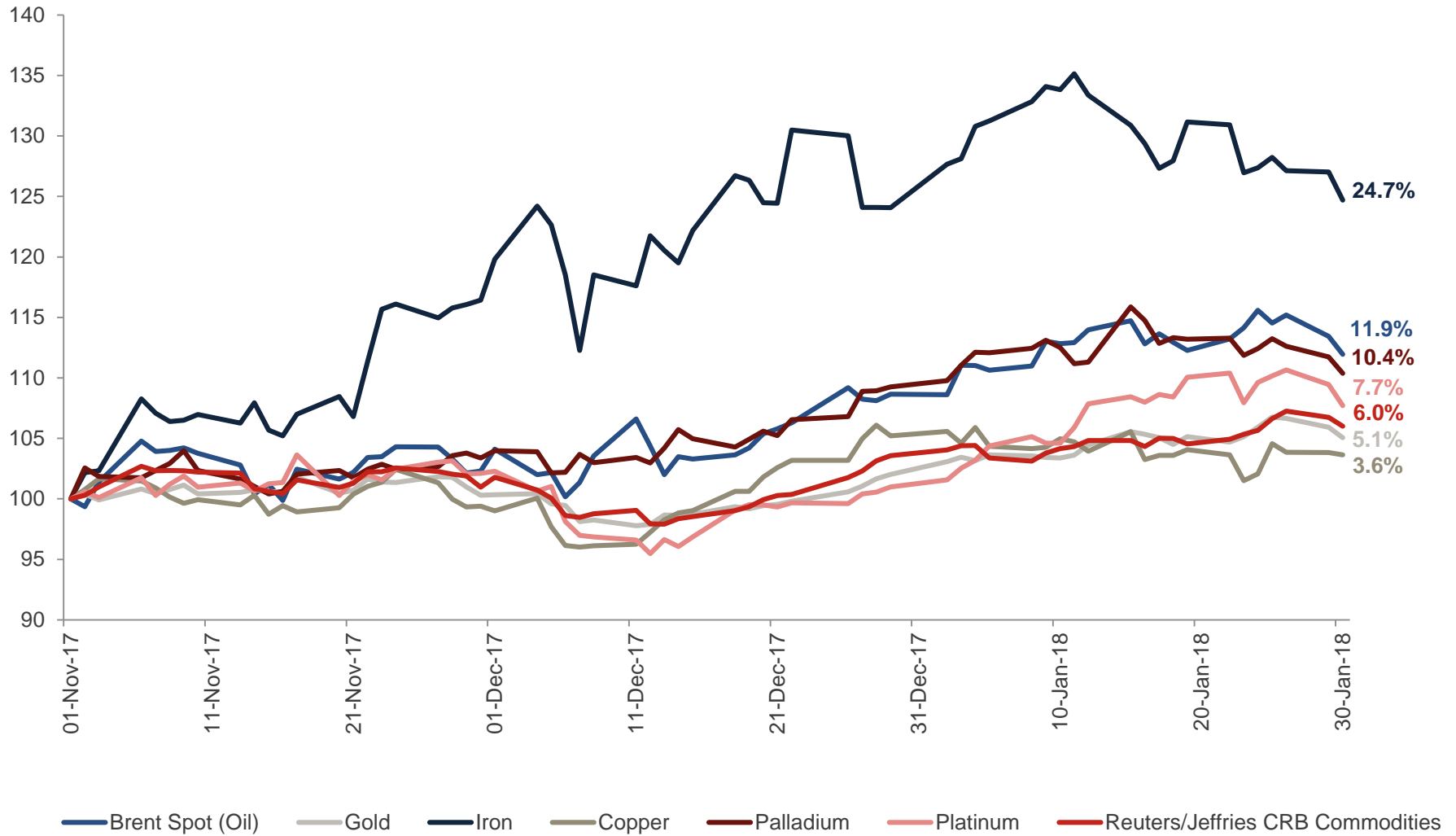
Source: INET BFA and Momentum Investments

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



# Commodities

Three months to January 2018



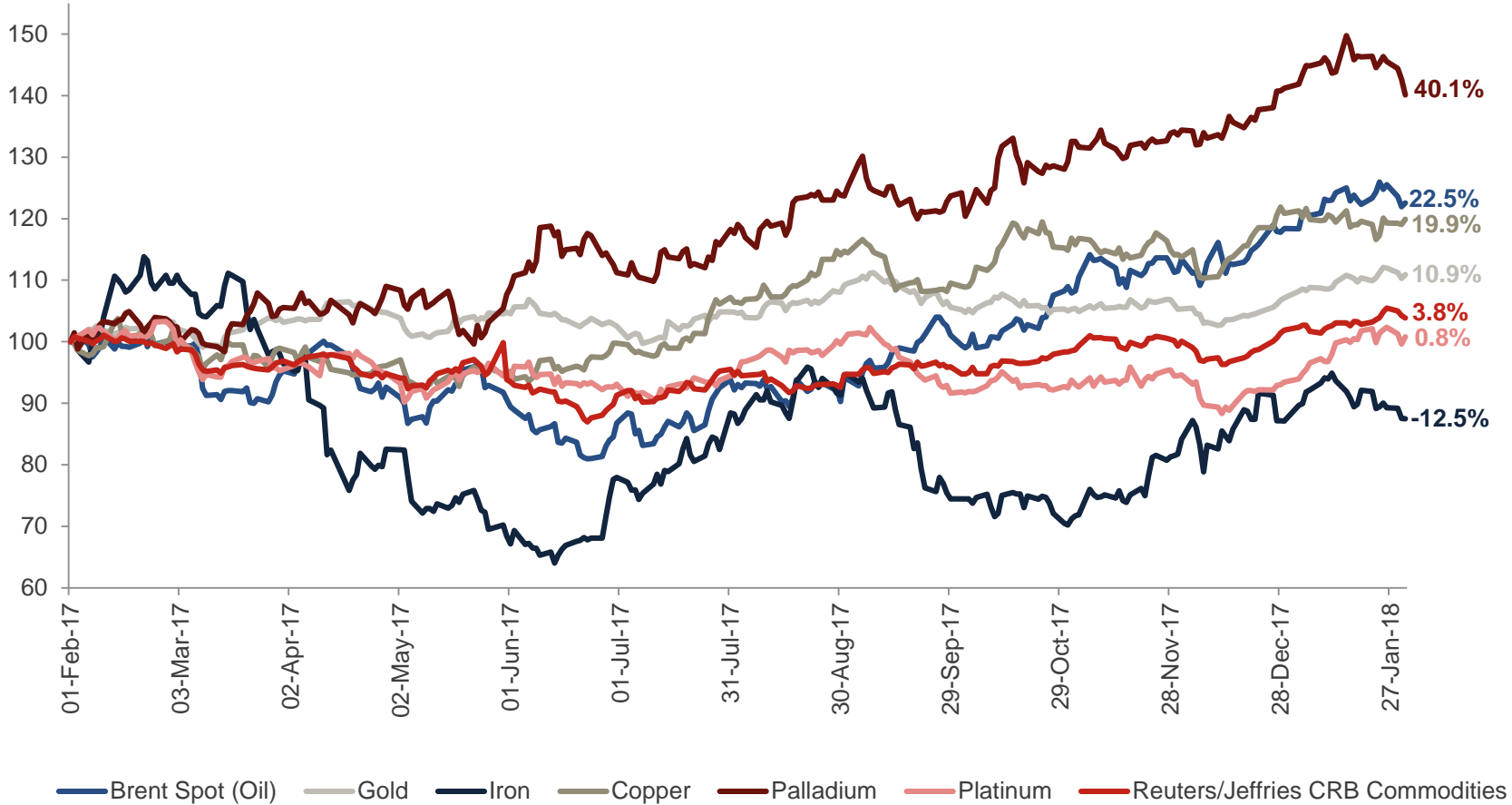
Source: INET BFA, FT.com and Momentum Investments

All returns in dollar terms



# Commodities

One year to January 2018



Source: INET BFA, FT.com and Momentum Investments

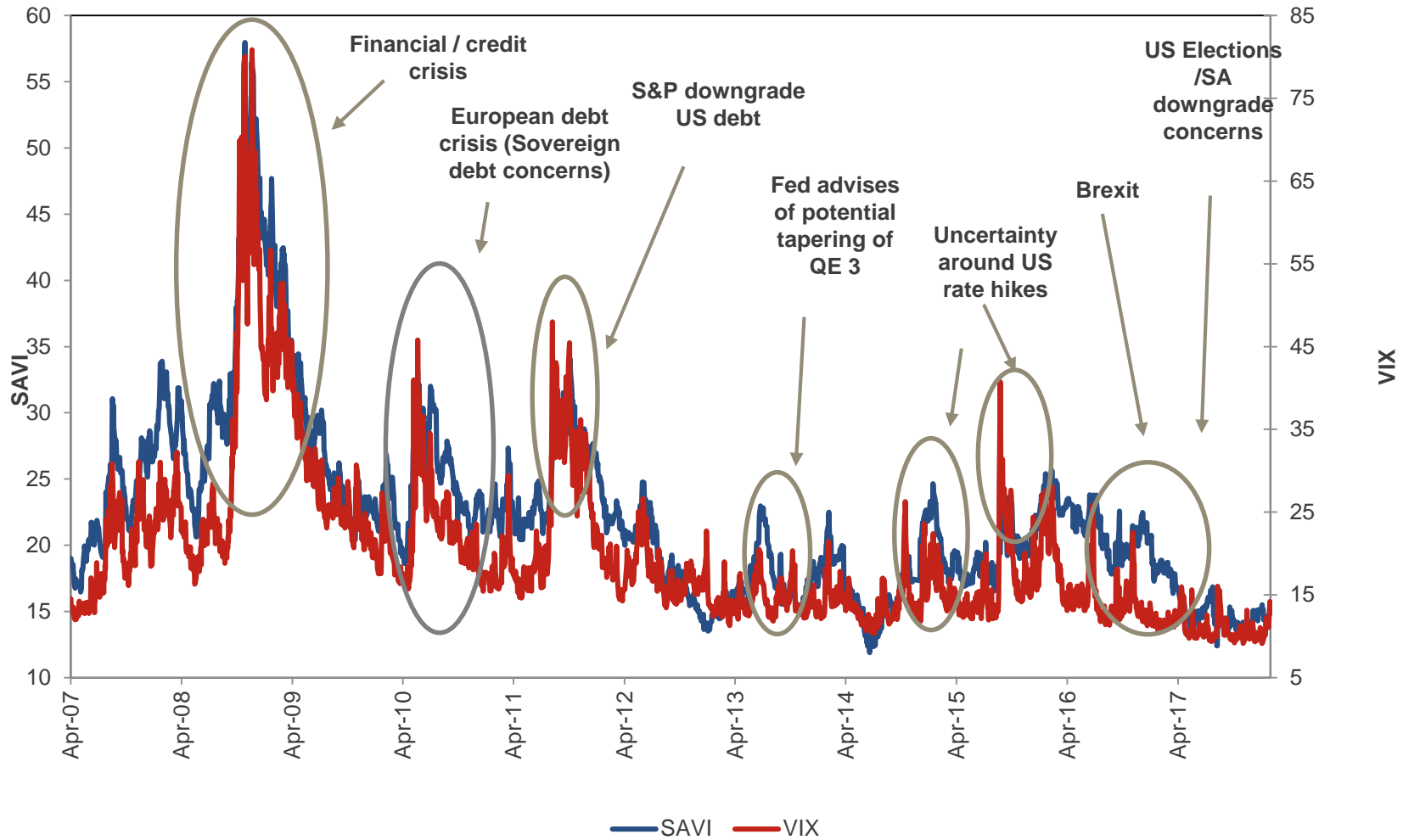
All returns in dollar terms



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# SAVI-VIX

Since February 2007 to January 2018

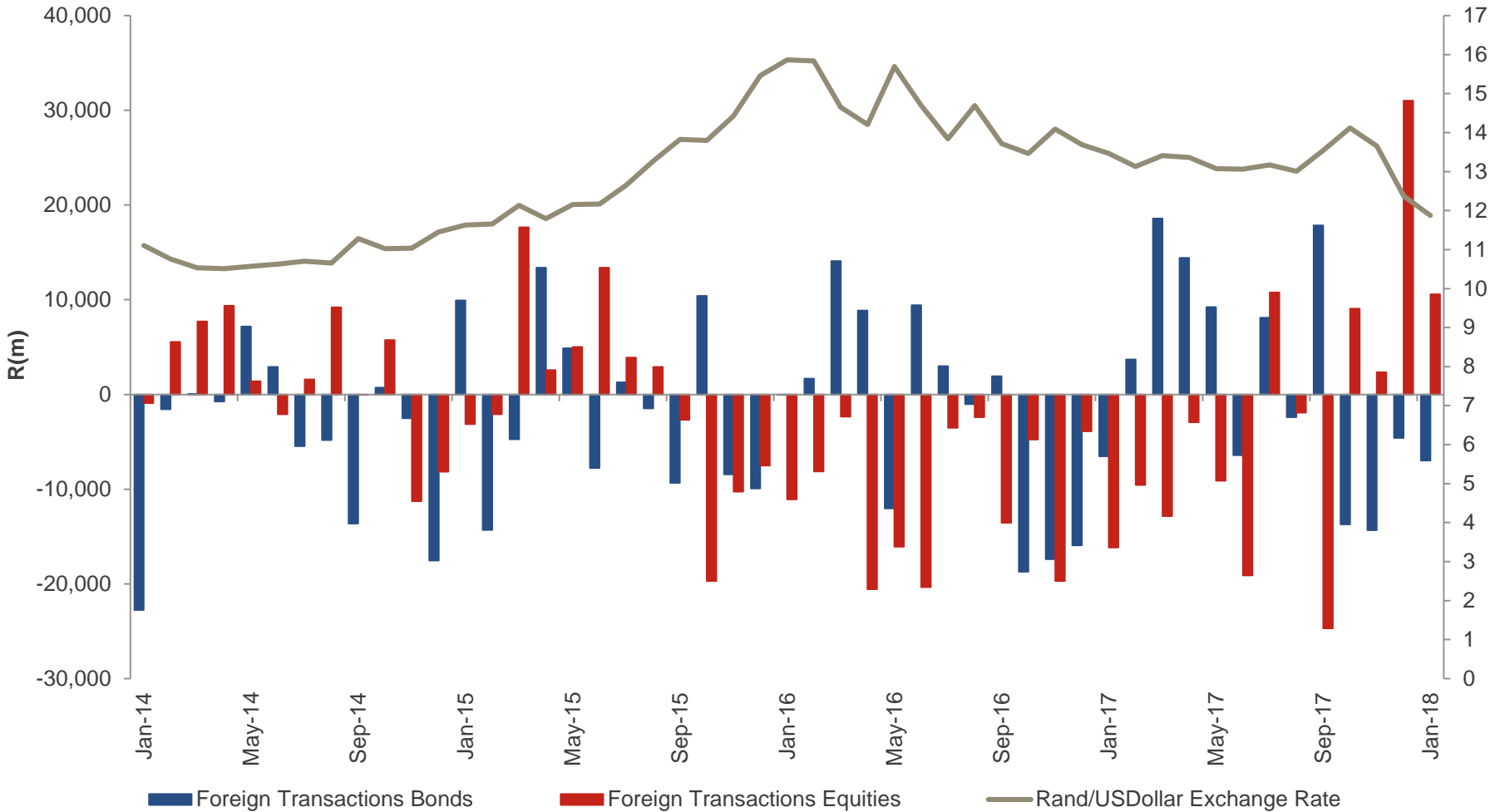


Source: INET BFA and Momentum Investments



# Foreign transactions

2014 to 2018



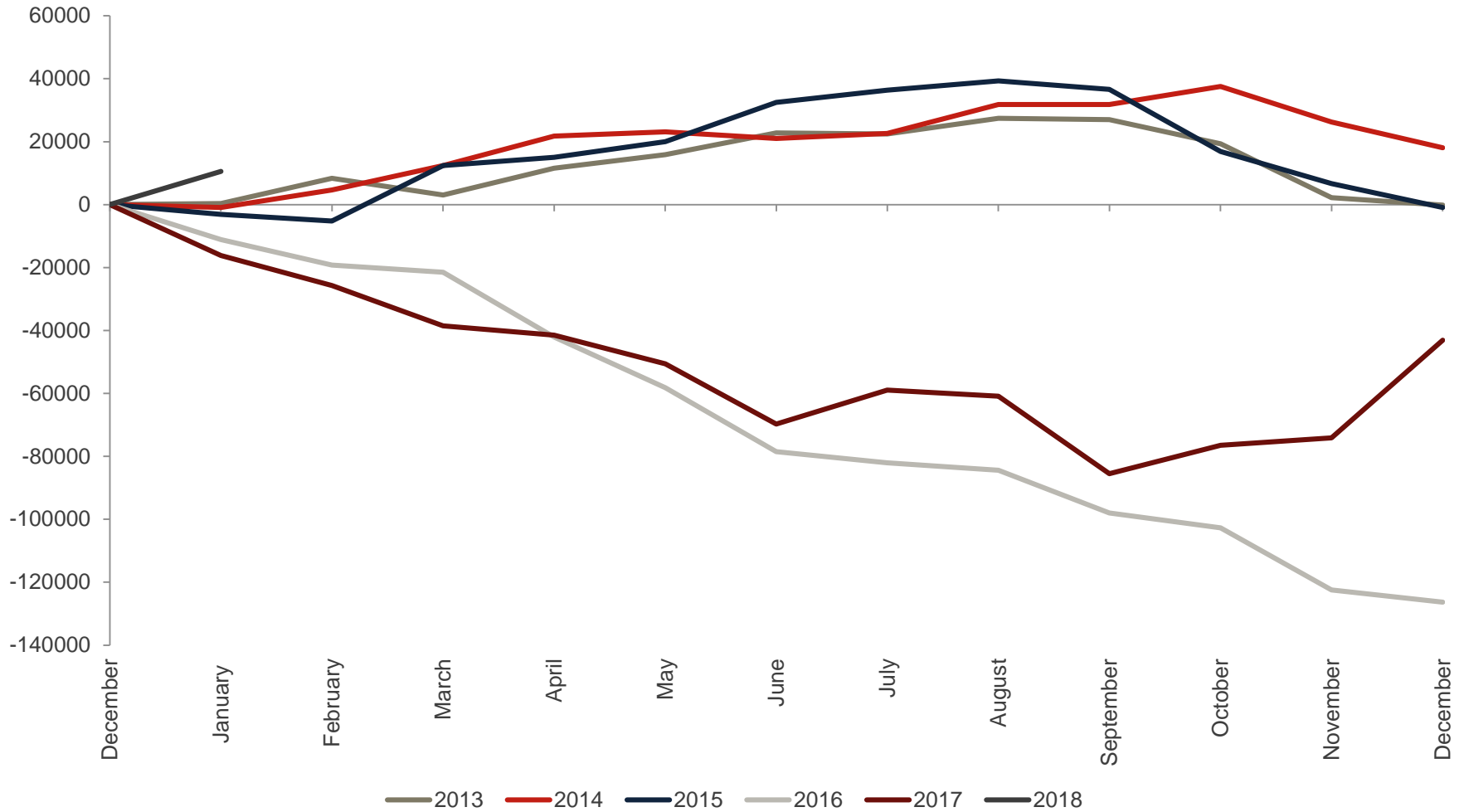
Source: INET BFA and Momentum Investments



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# Cumulative foreign transaction equities

2013 to 2018



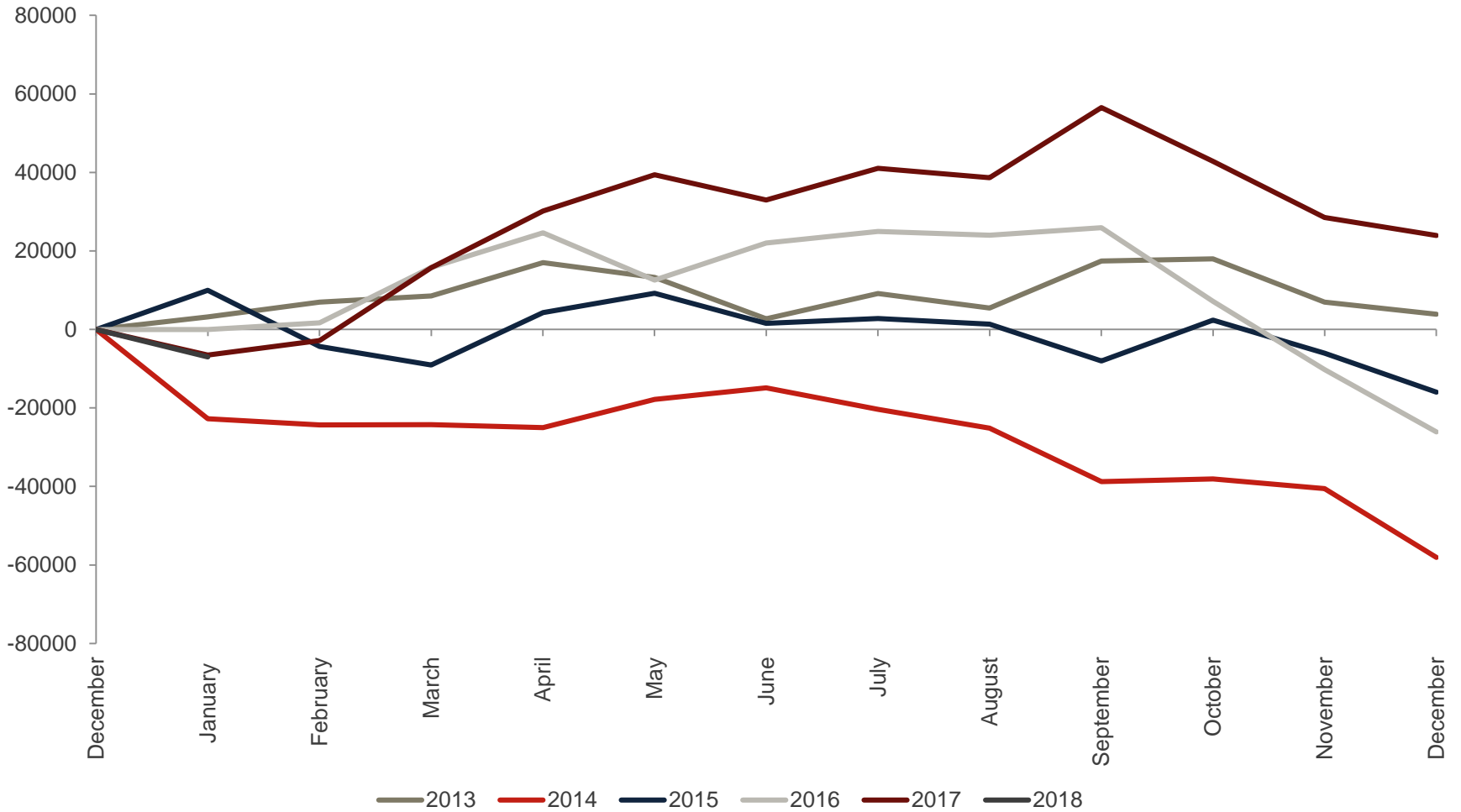
Source: INET BFA and Momentum Investments



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# Cumulative foreign transaction bonds

2013 to 2018



Source: INET BFA and Momentum Investments



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A dense grid of many small, diverse human faces in various shades of gray, serving as a background for the text.

# End of key market performance drivers monthly charts for January 2018



**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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