

# Key market performance drivers

Monthly charts to 31 July 2020

# Table of Contents

01

Market Concentration

02

Active Index Analysis

03

Style Analysis

04

Sector Analysis

05

Indexed Return Charts

06

Volatility and International Flows



01

Market  
Concentration

# Market concentration



## One-year Capped SWIX contributions ending July 2020





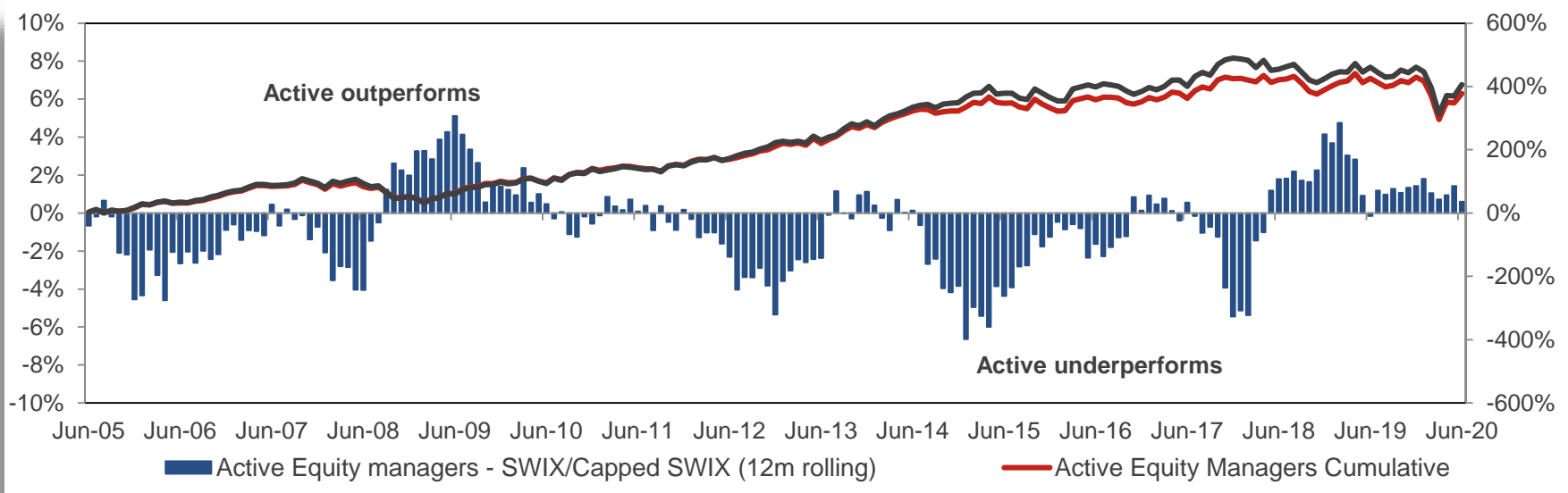
02

Active Index  
Analysis

# Active index analysis: Equities



## One-year rolling active to June 2020



The median of the active equity investment managers outperformed the SWIX/Capped SWIX composite benchmark for the 12-month period ending June 2020.

(SWIX until 31 October 2017 and Capped SWIX thereafter)

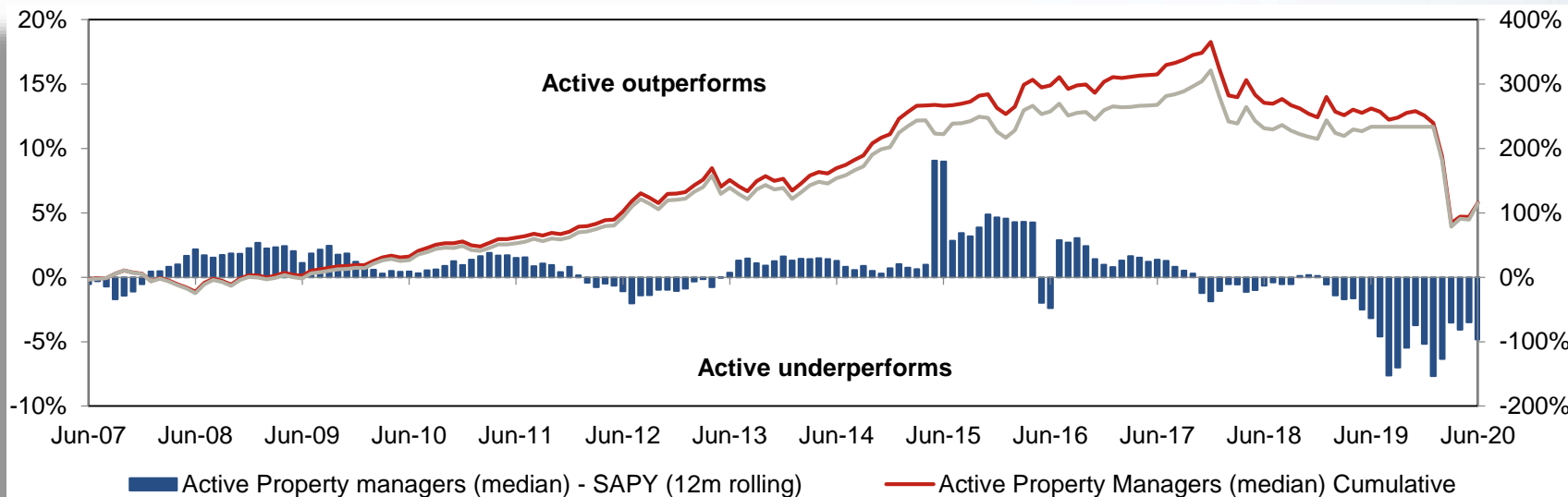
Data lagged by one month

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

# Active index analysis: Property



One-year rolling active to June 2020



The median return of the active property investment managers underperformed the SAPY for the 12-month period ending June 2020.

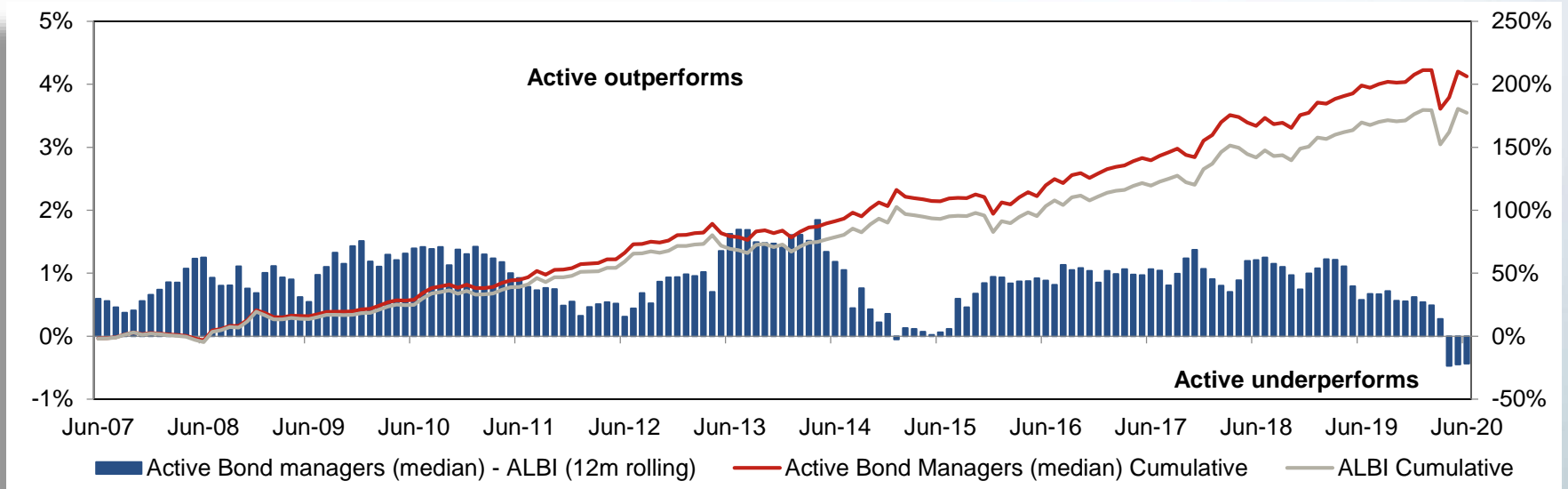
Data lagged by one month

Source: Alexander Forbes SA Property Manager Watch™, IRESS and Momentum Investments

# Active index analysis: Bonds



## One-year rolling active to June 2020



The median of the active bond investment managers underperformed the ALBI for the 12-month period ending June 2020.

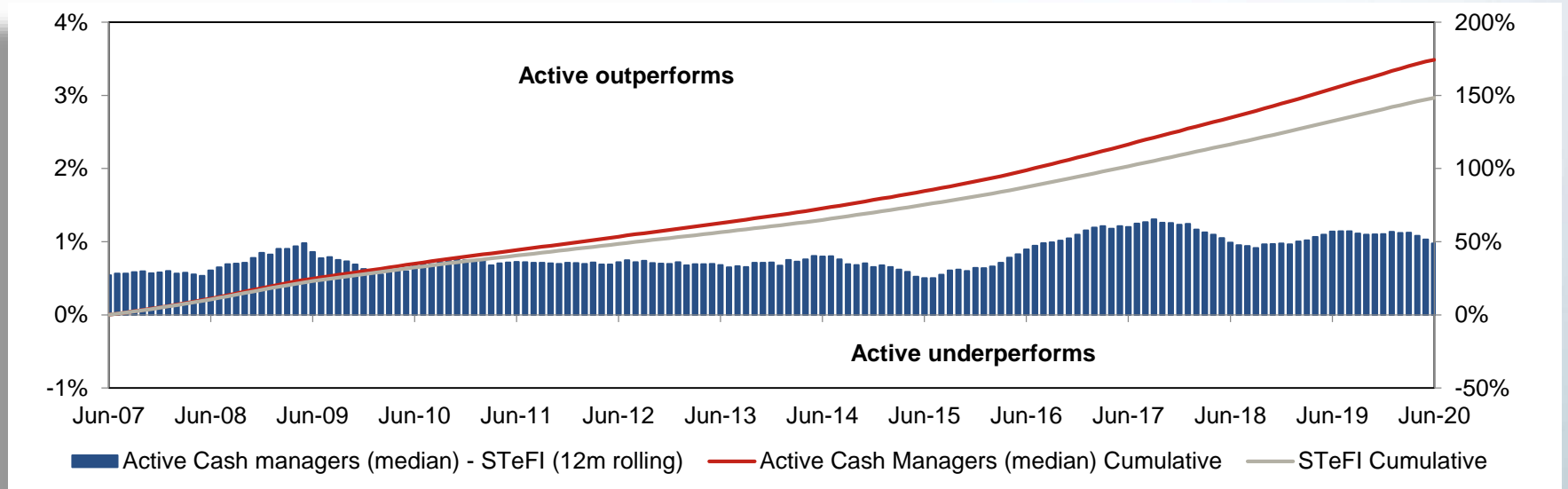
Data lagged by one month



# Active index analysis: Cash



One-year rolling active to June 2020



The median of the active money market investment managers outperformed the SteFI for the 12-month period ending June 2020.

Data lagged by one month

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



03

Style Analysis

# Style Analysis



## Style returns heat map for South Africa to July 2020

ZAR	Styles	One month to July 2020	Three months to July 2020	One year to July 2020	Three years to July 2020	Five years to July 2020	Ten years to July 2020	Twenty years to July 2020
Value	Book to Price	-3.06	3.34	-12.42	-12.43	-5.90	-5.77	-0.80
	Dividend Yield	-0.29	10.35	-8.89	-1.17	2.49	-0.87	3.43
	Earnings Yield	-1.47	8.26	1.66	-5.48	-2.61	-2.14	-0.19
	Cash Flow Yield	-5.85	4.07	-19.51	-8.22	-0.19	-0.68	1.43
	Sales to Price	-6.74	-5.95	-7.55	-6.14	-1.73	-2.62	-1.08
Quality	ROE	0.75	1.94	8.83	10.51	4.77	3.48	1.38
	ROIC LT	0.45	0.41	-0.20	-0.34	-0.46	-0.81	-1.86
	Income to Sales	-0.47	3.82	7.44	3.30	1.87	1.45	0.19
	Low market beta	0.56	-4.17	-9.60	-1.14	1.42	2.24	0.98
	Low Debt/Equity	-1.86	-1.15	12.84	4.47	1.71	0.67	0.08
	EBIT Margin Stability	-3.58	5.22	3.52	-0.82	-1.97	3.17	0.34
Growth	Earnings Growth	2.02	0.96	17.46	10.14	5.75	3.63	0.95
	Sales Growth	-0.12	-5.66	1.50	1.13	-0.16	1.84	-1.07
	12M Earning Growth	4.26	9.26	25.28	9.51	3.30	0.48	4.62
Momentum	FY1 Earnings Revisions	-0.55	-3.76	4.13	5.00	3.18	5.49	7.79
	Short Term Momentum	-0.39	-4.34	2.01	1.95	2.70	1.02	0.85
	Medium Term Momentum	3.89	2.35	30.89	12.76	5.64	7.87	6.91
Size	Size	2.72	2.55	13.12	9.60	5.07	2.43	0.56

Momentum and growth has outperformed over the one year period, while quality is mixed.

Value has come back over the last three months, outperforming momentum and growth.

Source: FactSet, Momentum Global Investment Management and Momentum Investments



04

Sector Analysis

# Sector Analysis



FTSE/JSE sectors decomposed

## Three months to July 2020

1	Industrial Metals & Mining	Industrials	55.94%	17	Beverages	Consumer Goods	6.70%
2	Chemicals	Basic Materials	47.06%	18	Personal Goods	Consumer Goods	2.27%
3	Fixed-line Telecommunications	Telecommunications	42.43%	19	Food & Drug Retailers	Consumer Services	1.16%
4	Mining	Basic Materials	31.48%	20	General Retailers	Consumer Services	-0.13%
5	Automobiles & Parts	Consumer Goods	21.21%	21	Life Insurance	Financials	-0.89%
6	Construction & Materials	Industrials	20.12%	22	Banks	Financials	-1.87%
7	Industrial Transportation	Industrials	16.96%	23	Healthcare Equipment & Service	Healthcare	-3.42%
8	Mobile Telecommunications	Telecommunications	15.41%	24	Non-life Insurance	Financials	-3.54%
9	Pharmaceuticals & Biotechnology	Healthcare	13.66%	25	Forestry & Paper	Basic Materials	-3.77%
10	Oil & Gas Producers	Financial Services	12.20%	26	Software & Computer Services	Technology	-4.07%
11	Media	Consumer Services	12.16%	27	Food Producers	Consumer Goods	-6.55%
12	Equity Investment Instruments	Financials	9.01%	28	General Industrials	Industrials	-7.03%
13	Real Estate Investment Trusts	Financials	8.13%	29	Travel & Leisure	Travel & Leisure	-9.34%
14	Financial Services	Financials	7.88%	30	Household Goods & Home Construction	Consumer Goods	-9.91%
15	Real Estate Investment & Services	Financials	7.86%	31	Tobacco	Consumer Goods	-17.21%
16	Support Services	Industrials	6.82%	32	Electronic & Electrical Equipment	Industrials	-19.30%

Key

Resources

Financials

Industrials

# Sector Analysis



## FTSE/JSE sectors decomposed

### One Year to July 2020

1	Mining	Basic Materials	63.26%	18	Industrial Transportation	Industrials	-26.71%
2	Pharmaceuticals & Biotechnology	Healthcare	35.67%	19	Mobile Telecommunications	Telecommunications	-27.34%
3	Media	Consumer Services	30.72%	20	Support Services	Industrials	-27.48%
4	Industrial Metals & Mining	Industrials	28.20%	21	Oil & Gas Producers	Financial Services	-29.57%
5	Equity Investment Instruments	Financials	27.96%	22	Real Estate Investment & Services	Financials	-32.03%
6	Tobacco	Consumer Goods	20.70%	23	General Industrials	Industrials	-32.43%
7	Non-life Insurance	Financials	-6.06%	24	Software & Computer Services	Technology	-36.30%
8	Food & Drug Retailers	Consumer Services	-10.72%	25	Beverages	Consumer Goods	-36.57%
9	Food Producers	Consumer Goods	-10.78%	26	Banks	Financials	-36.76%
10	Personal Goods	Consumer Goods	-11.74%	27	General Retailers	Consumer Services	-41.19%
11	Healthcare Equipment & Service	Healthcare	-13.22%	28	Real Estate Investment Trusts	Financials	-44.76%
12	Financial Services	Financials	-13.55%	29	Electronic & Electrical Equipment	Industrials	-47.60%
	Household Goods & Home						
13	Construction	Consumer Goods	-15.27%	30	Chemicals	Basic Materials	-50.88%
14	Forestry & Paper	Basic Materials	-17.62%	31	Travel & Leisure	Travel & Leisure	-59.76%
15	Life Insurance	Financials	-19.18%	32	Fixed-line Telecommunications	Telecommunications	-65.36%
16	Automobiles & Parts	Consumer Goods	-24.53%	33	Industrial Engineering	Industrials	-73.47%
17	Construction & Materials	Industrials	-24.61%				

#### Key

Resources

Financials

Industrials

Source: Barra and Deutsche Securities

# FTSE/JSE sectors



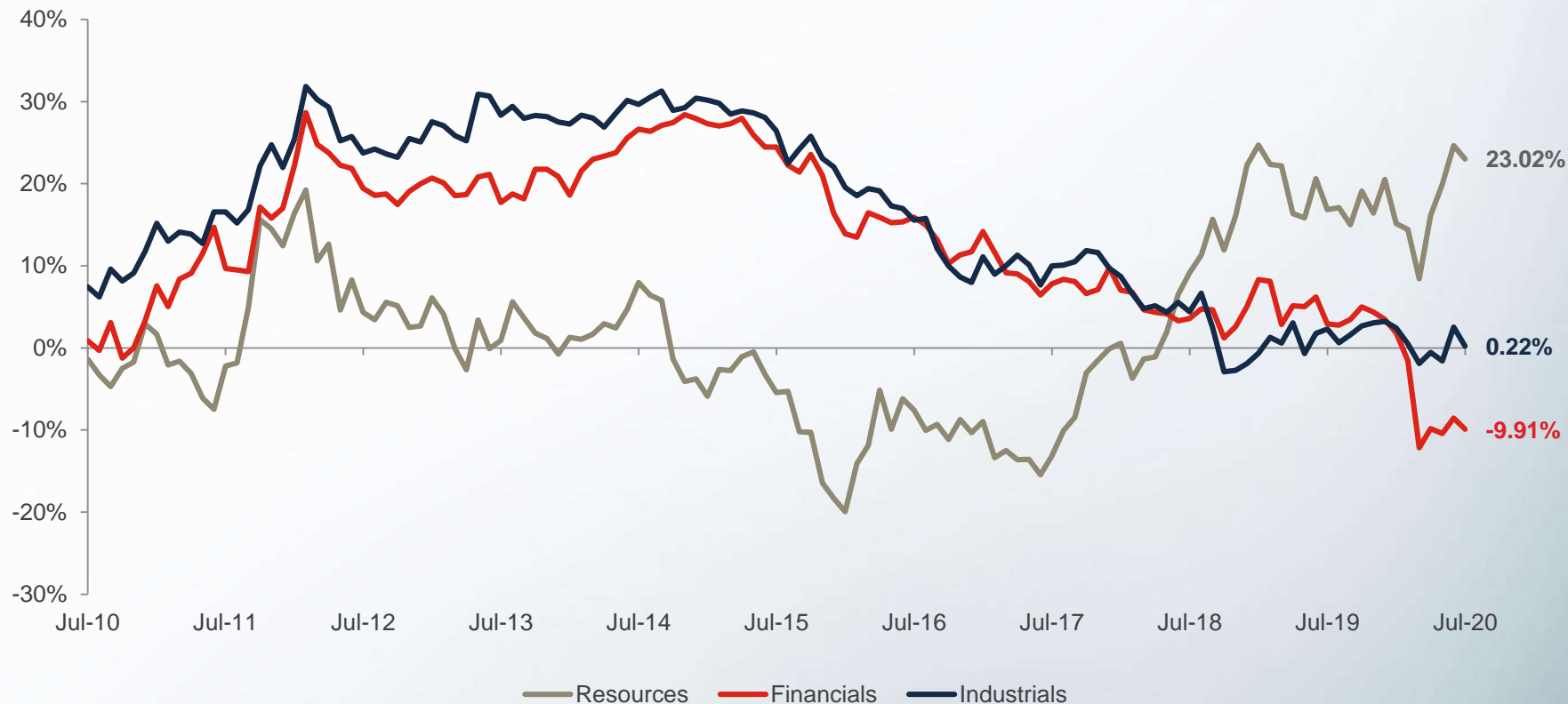
## One year to July 2020



# FTSE/JSE sectors



Three years rolling to July 2020



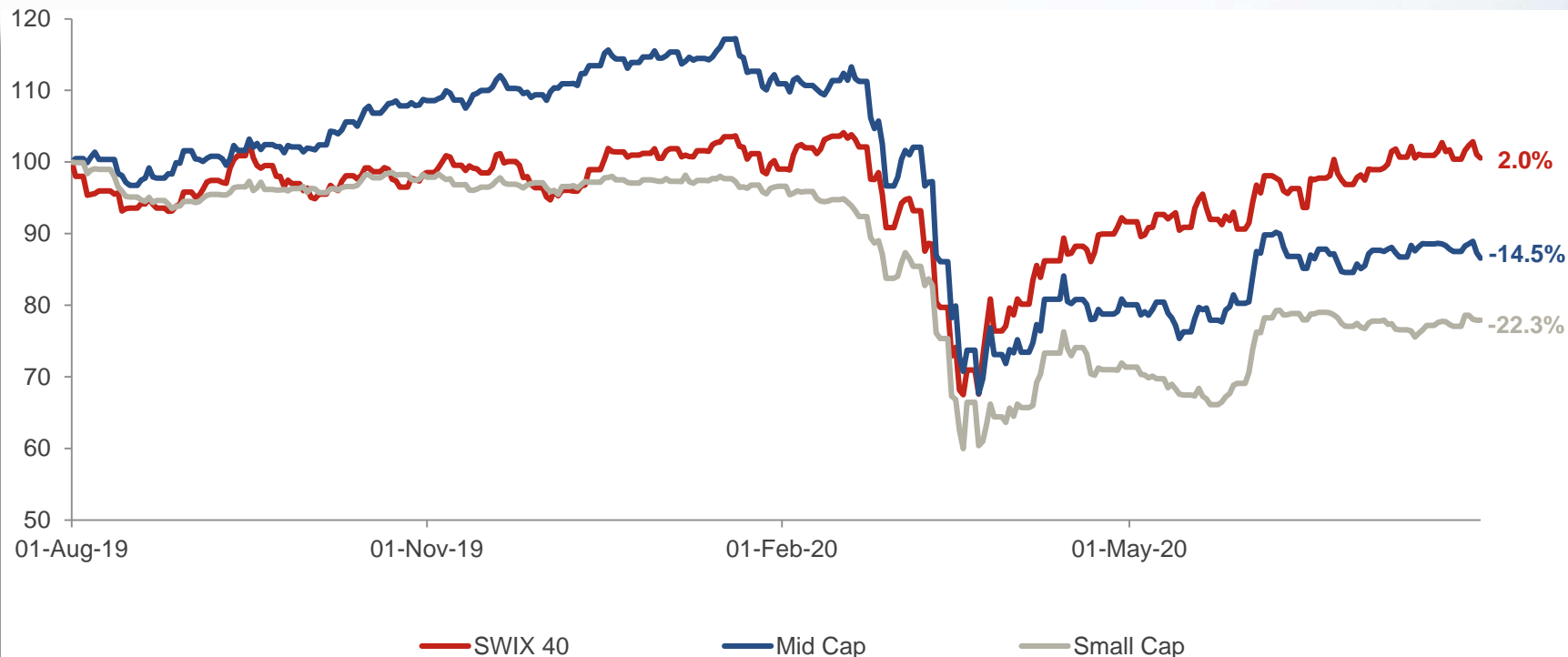
Source: IRESS and Momentum Investments



# FTSE/JSE market caps



One year to July 2020





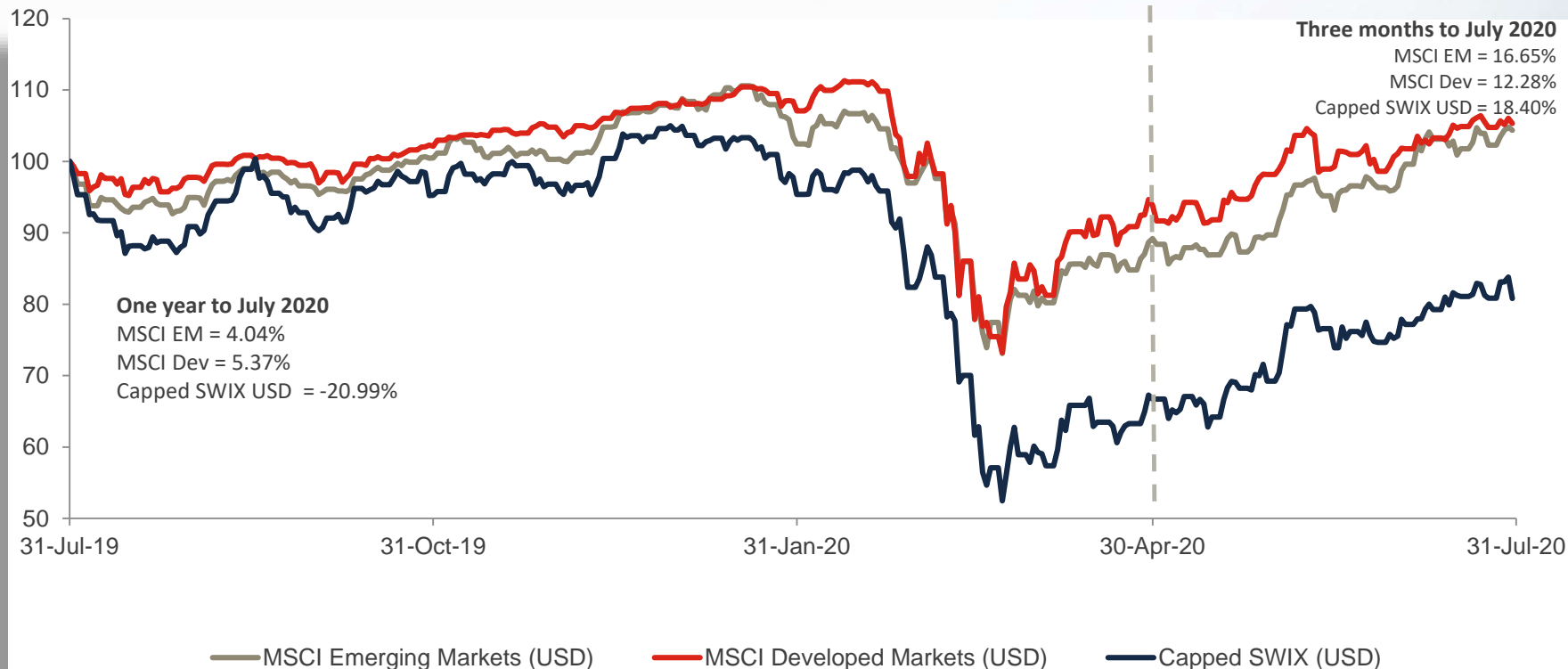
05

Indexed Return  
Charts

# MSCI developed and emerging markets



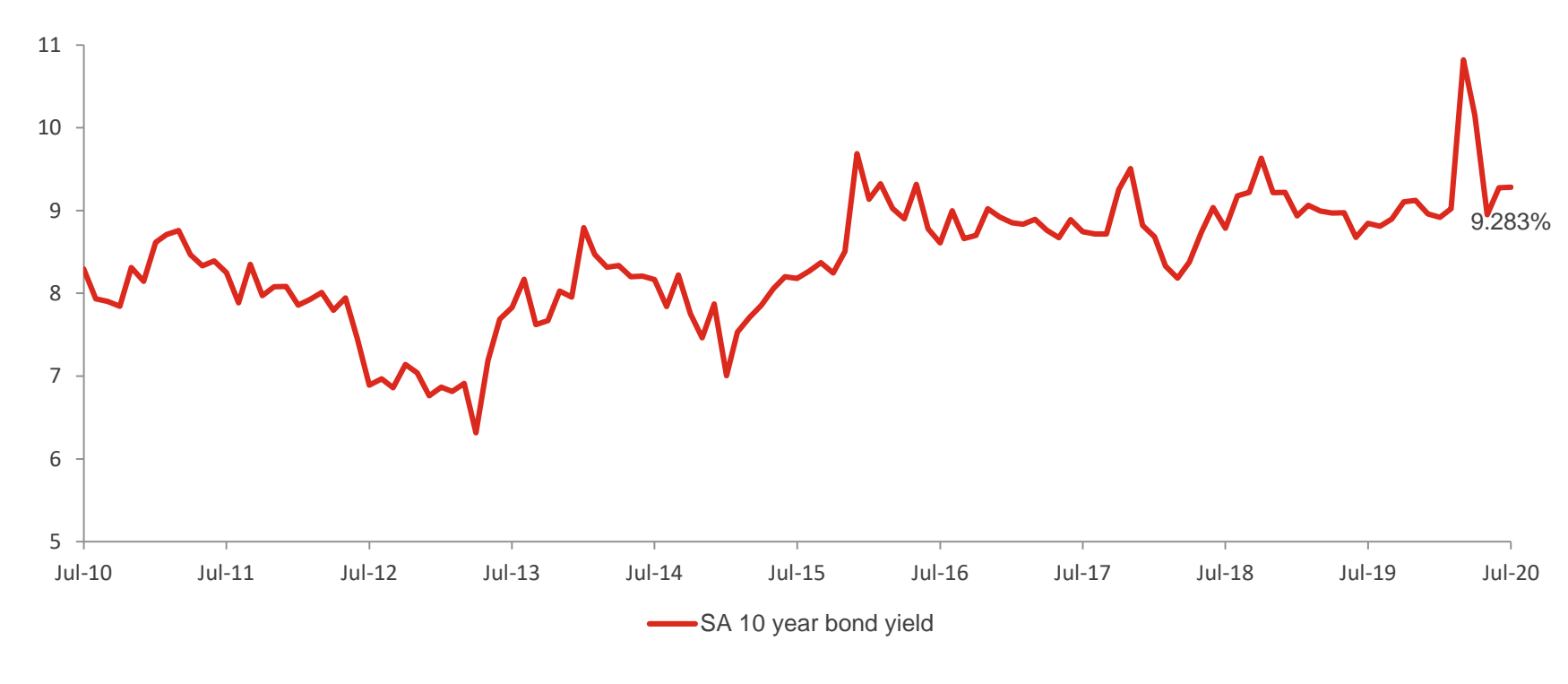
One year to July 2020



# SA 10-year bond yields



Ten years to July 2020

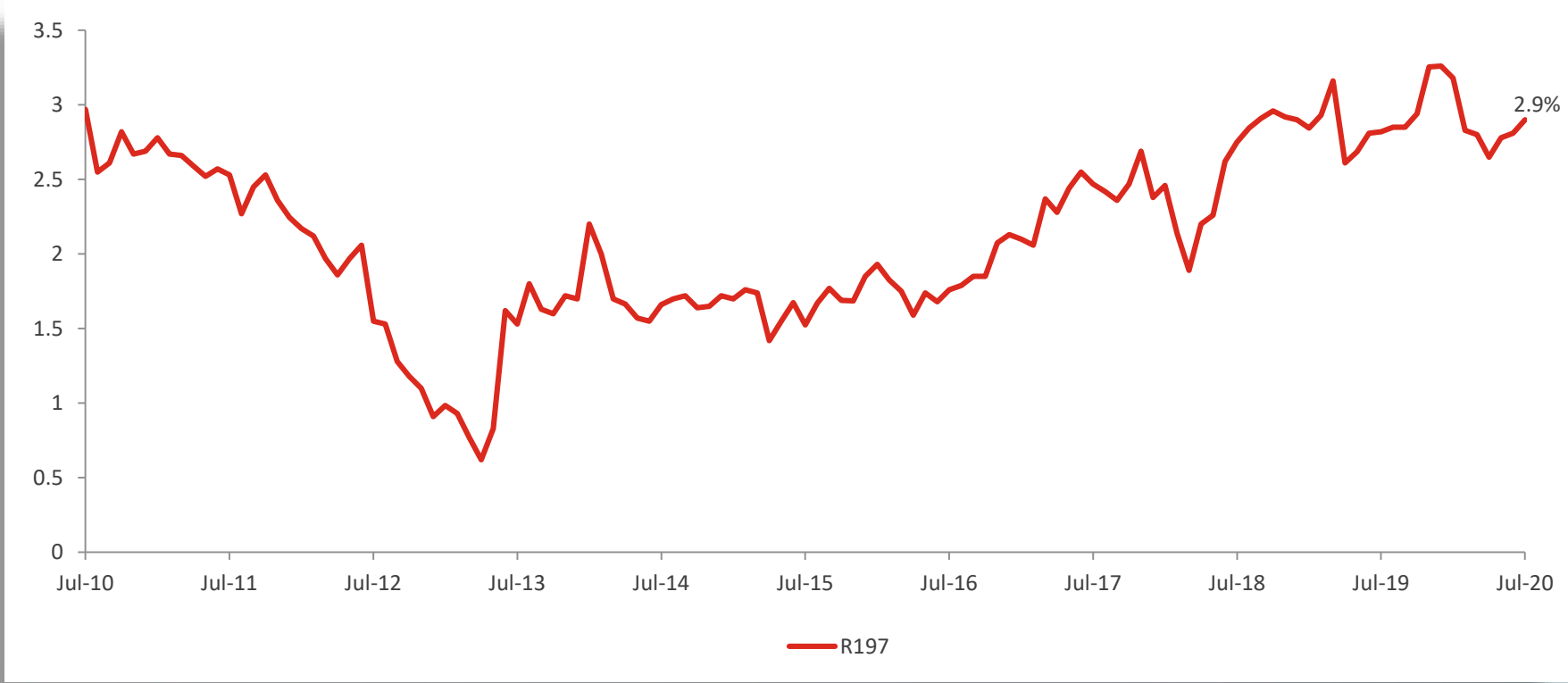


Source: IRESS and Momentum Investments

# Yield of R197 (inflation-linked bond)



Ten years to July 2020

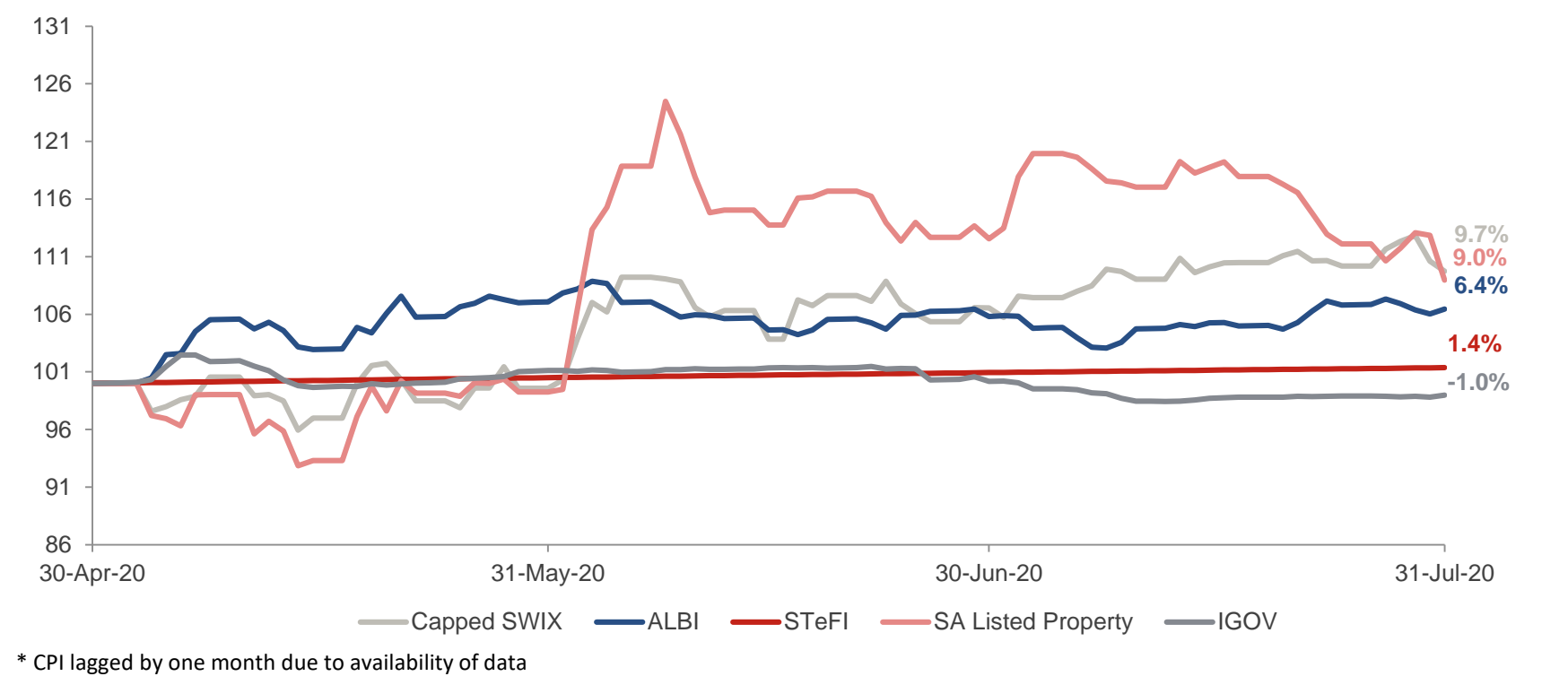


Source: IRESS and Momentum Investments

# Local asset classes

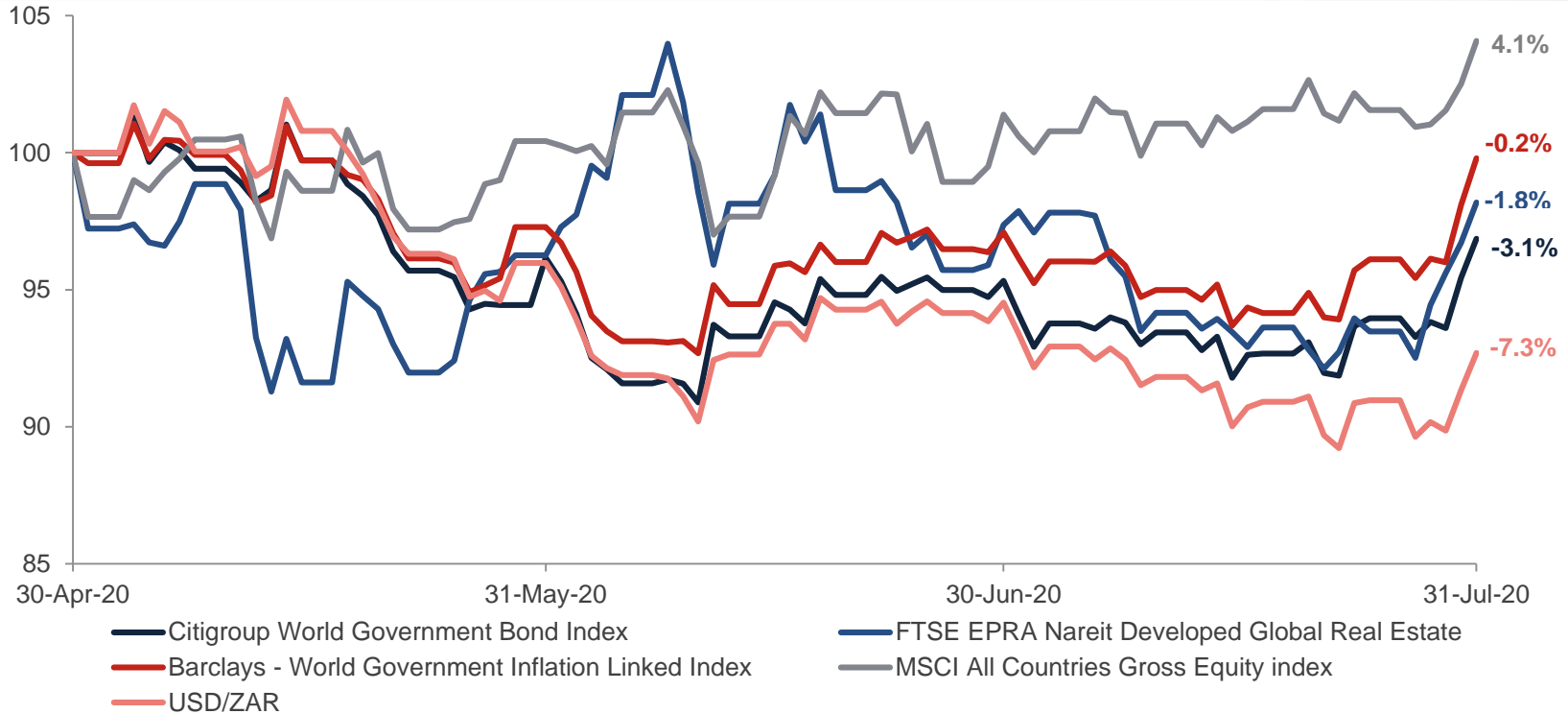


Three months to July 2020



# Global asset classes

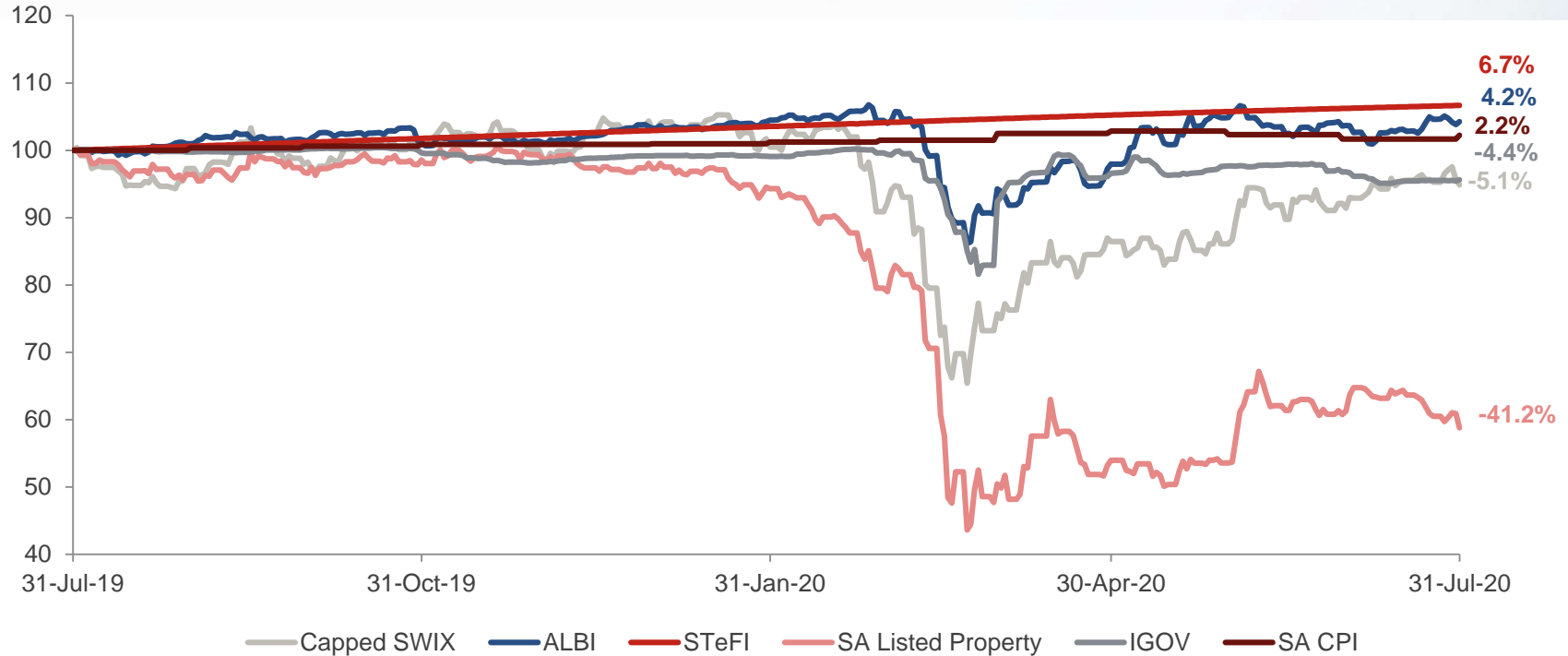
Three months to July 2020



# Local asset classes



One year to July 2020



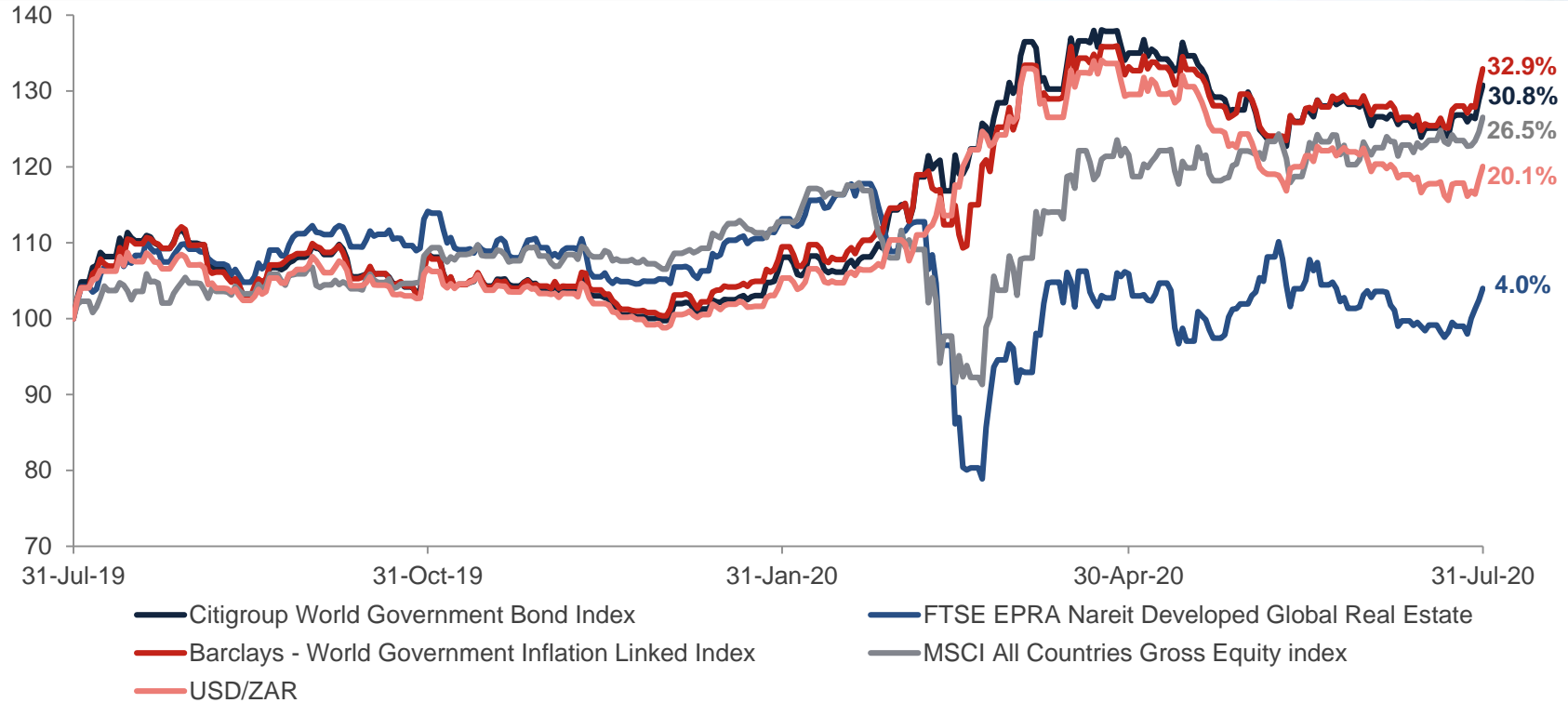
\* CPI lagged by one month due to availability of data



# Global asset classes



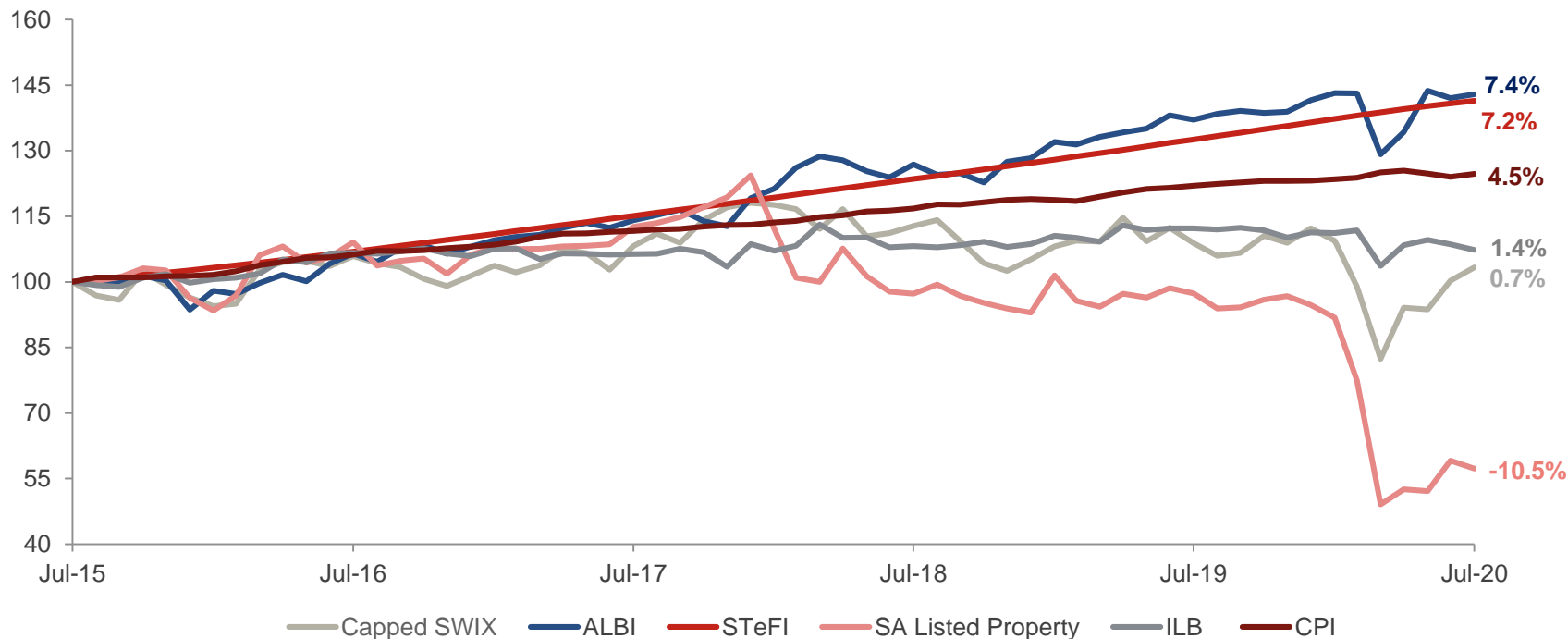
One year to July 2020



# Local asset classes



Five years to July 2020

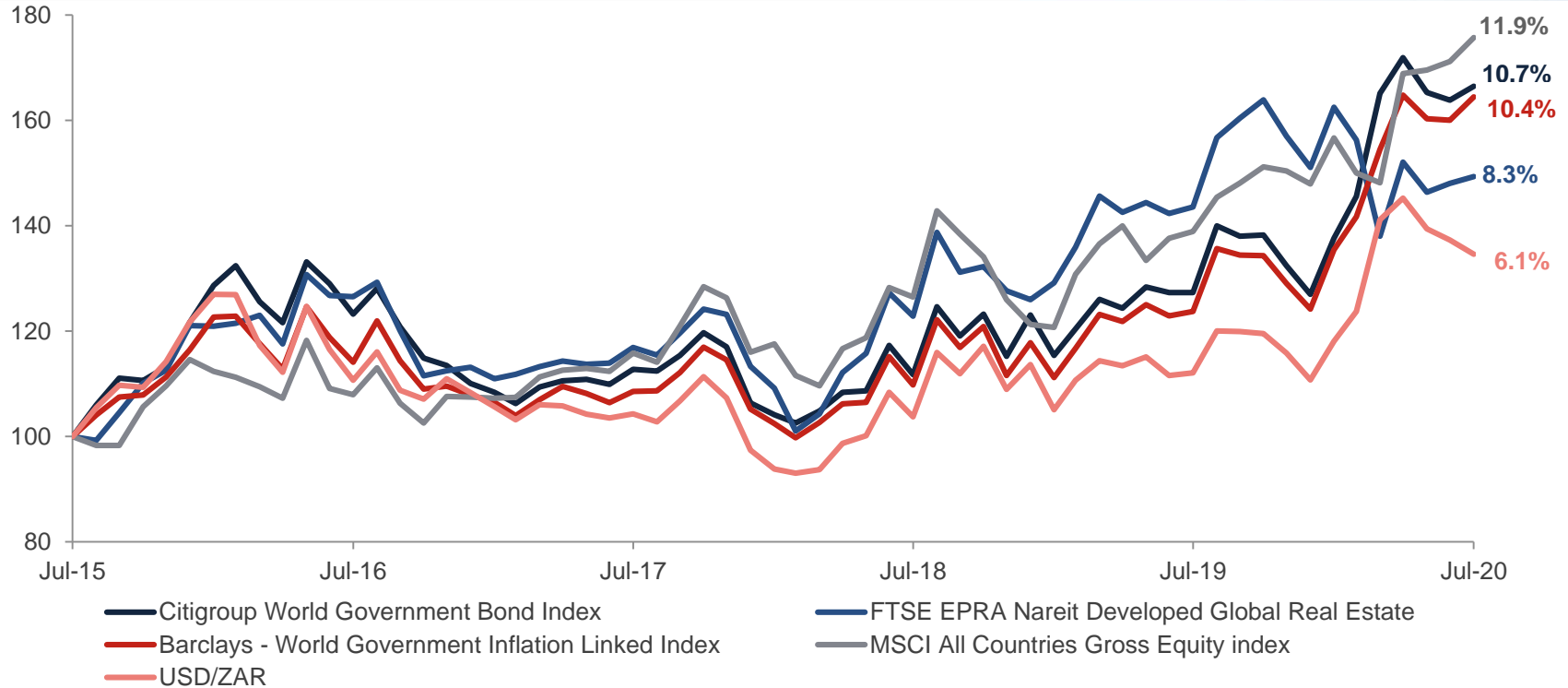


\* CPI lagged by one month due to availability of data

# Global asset classes



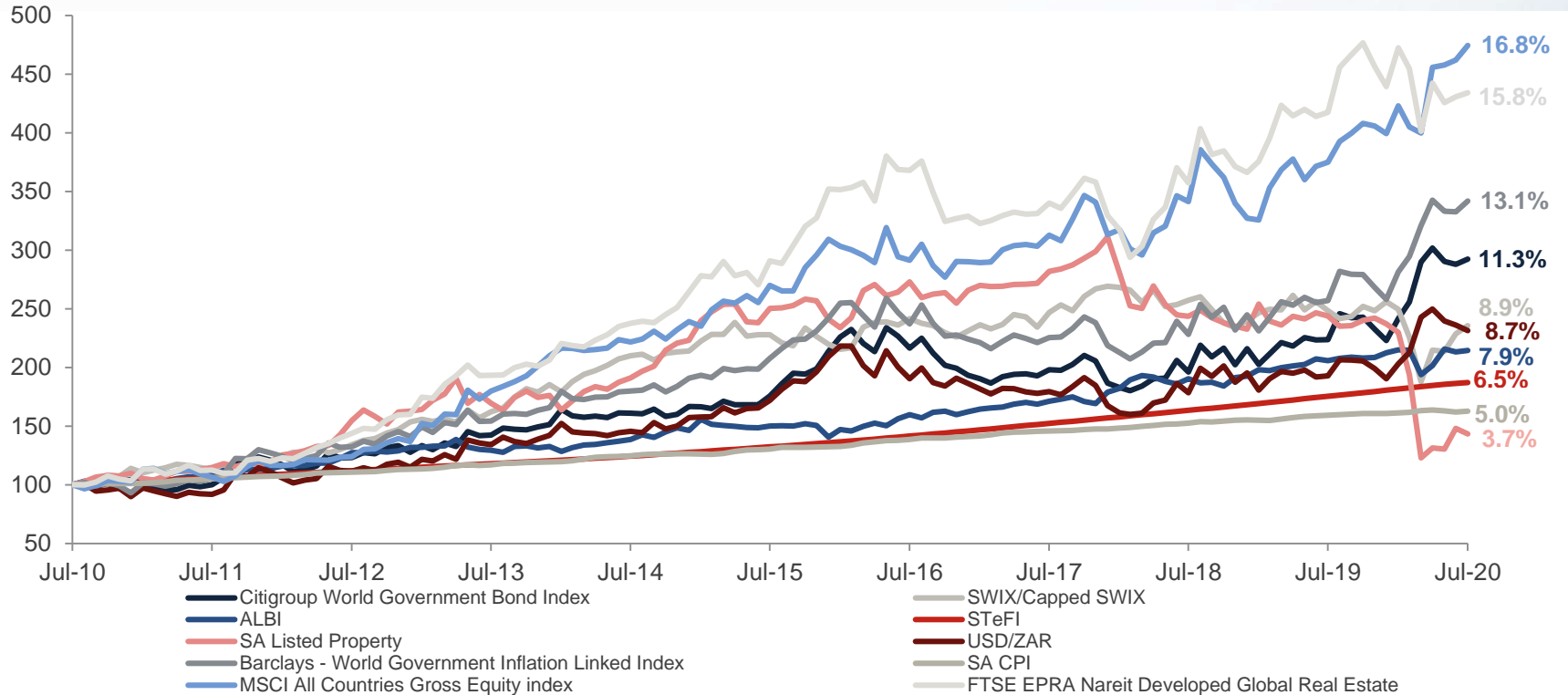
## Five years to July 2020



# Asset classes



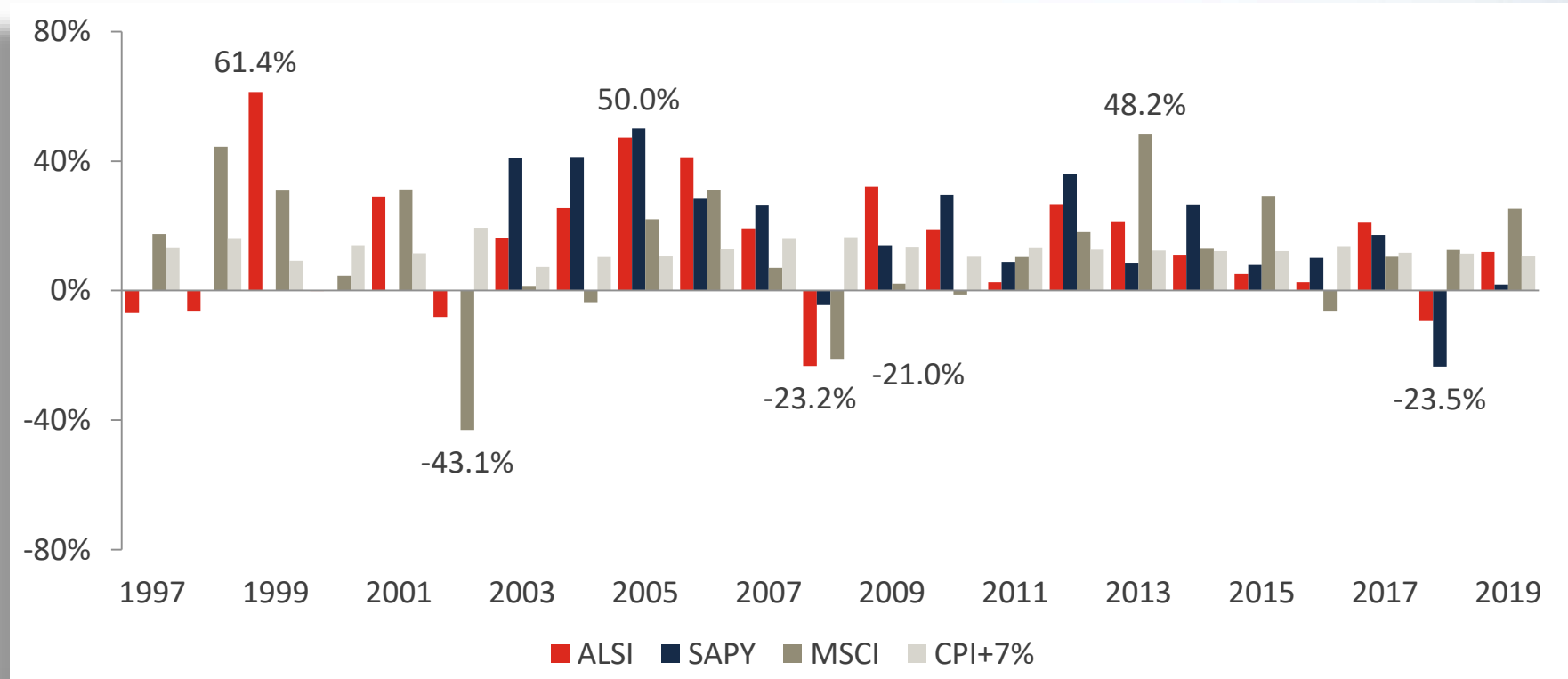
Ten years to July 2020



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

Source: IRESS and Momentum Investments

# Annual asset class returns



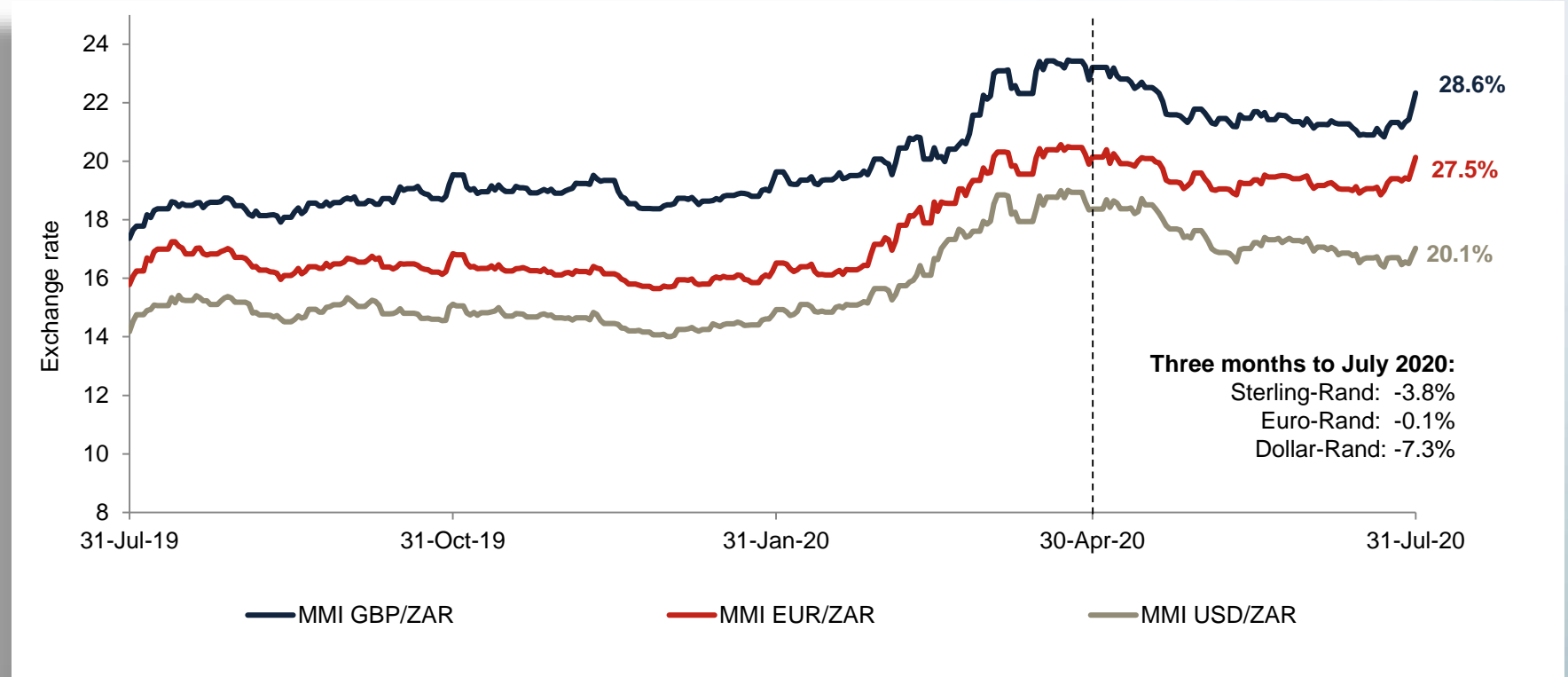
\* CPI lagged by one month due to availability of data

Source: IRESS and Momentum Investments

# Exchange rates



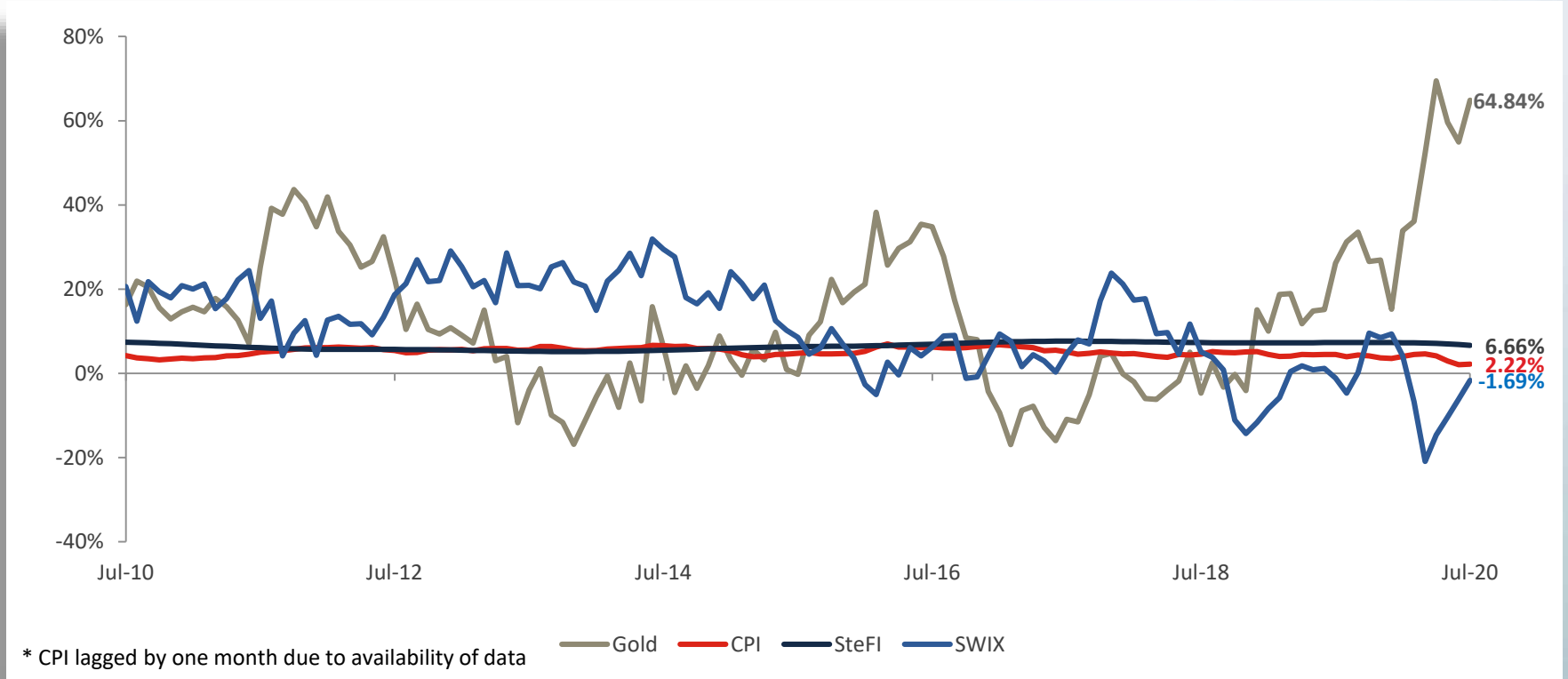
## One year to July 2020



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



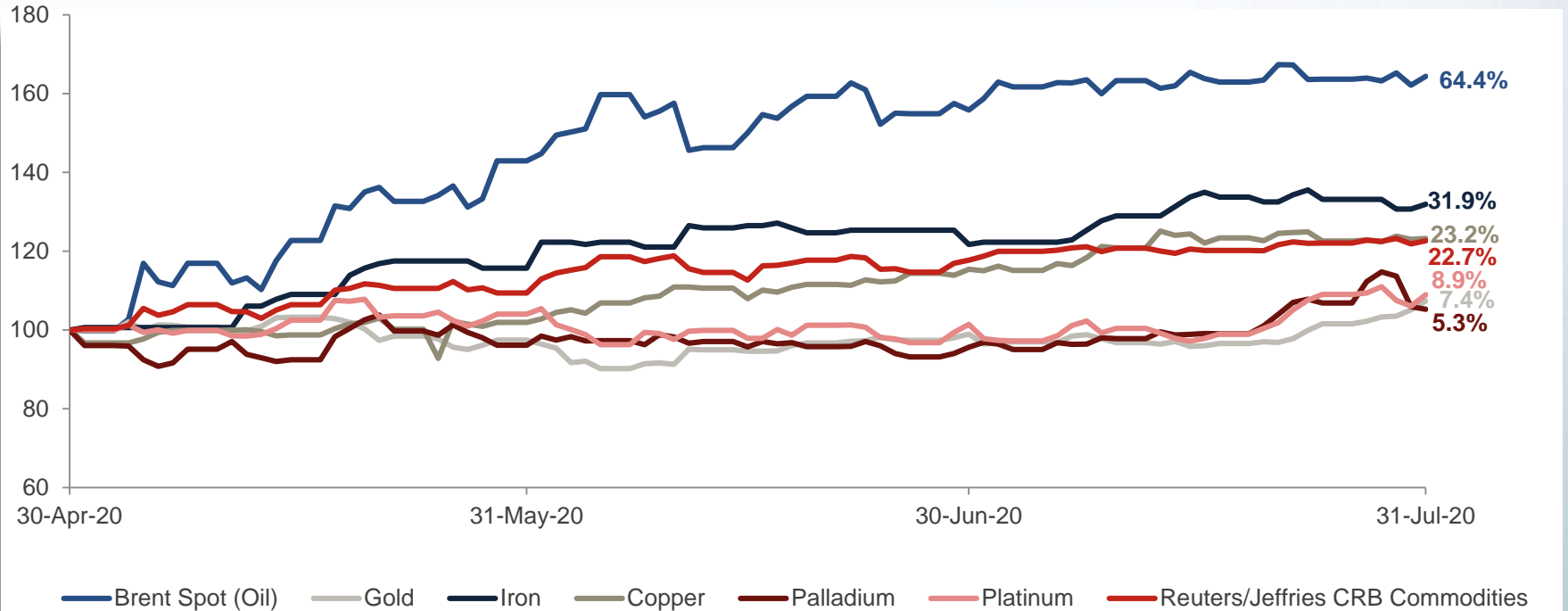
One-year rolling returns to July 2020



# Commodities



Three months to July 2020



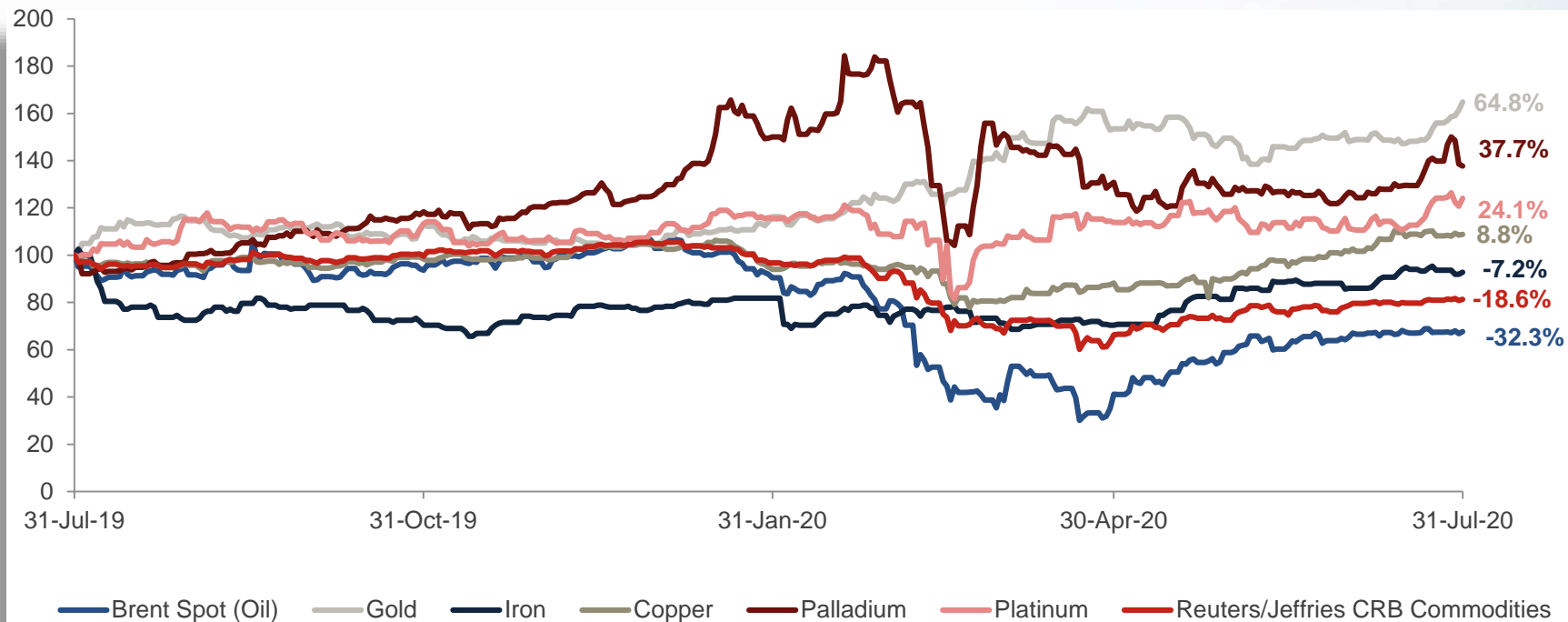
All returns are in dollar terms



# Commodities



One year to July 2020



All returns are in dollar terms



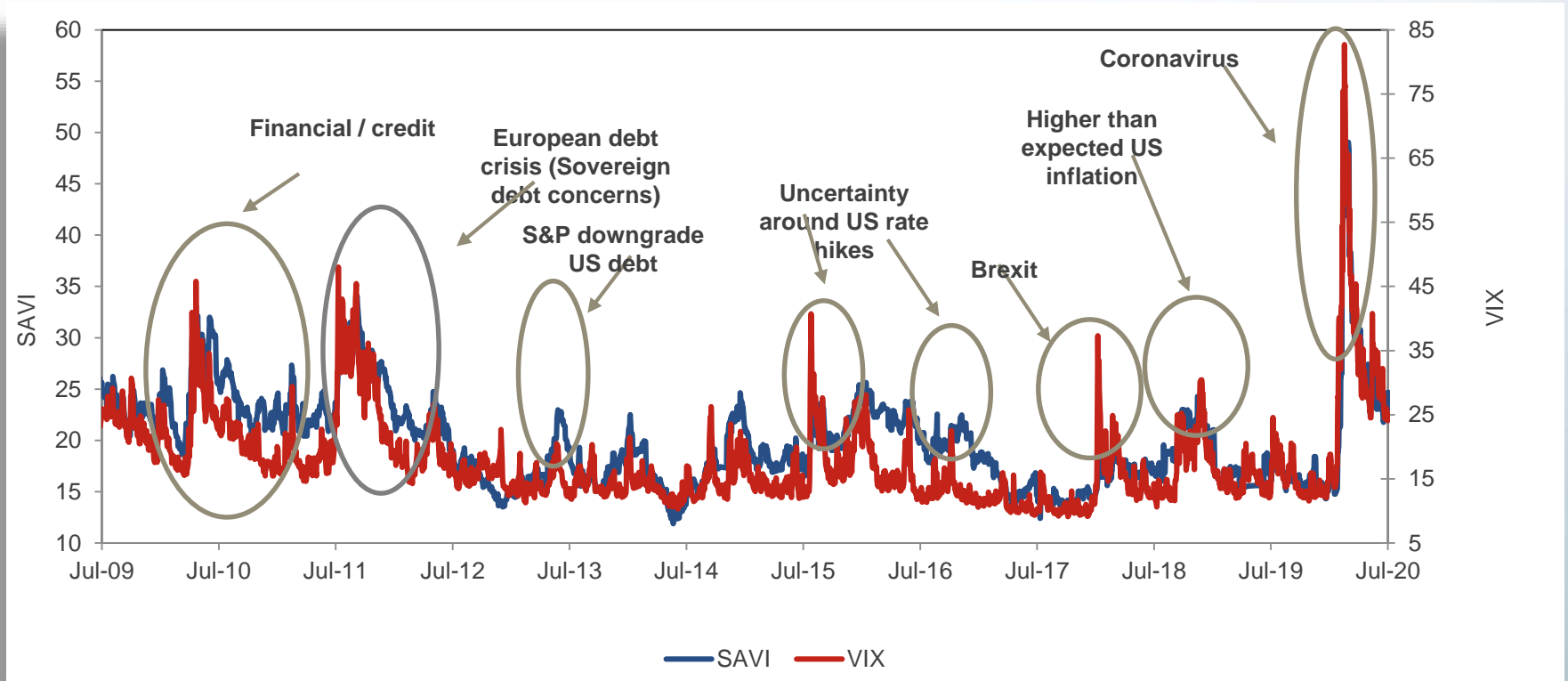
06

Volatility and  
international flows

# SAVI-VIX



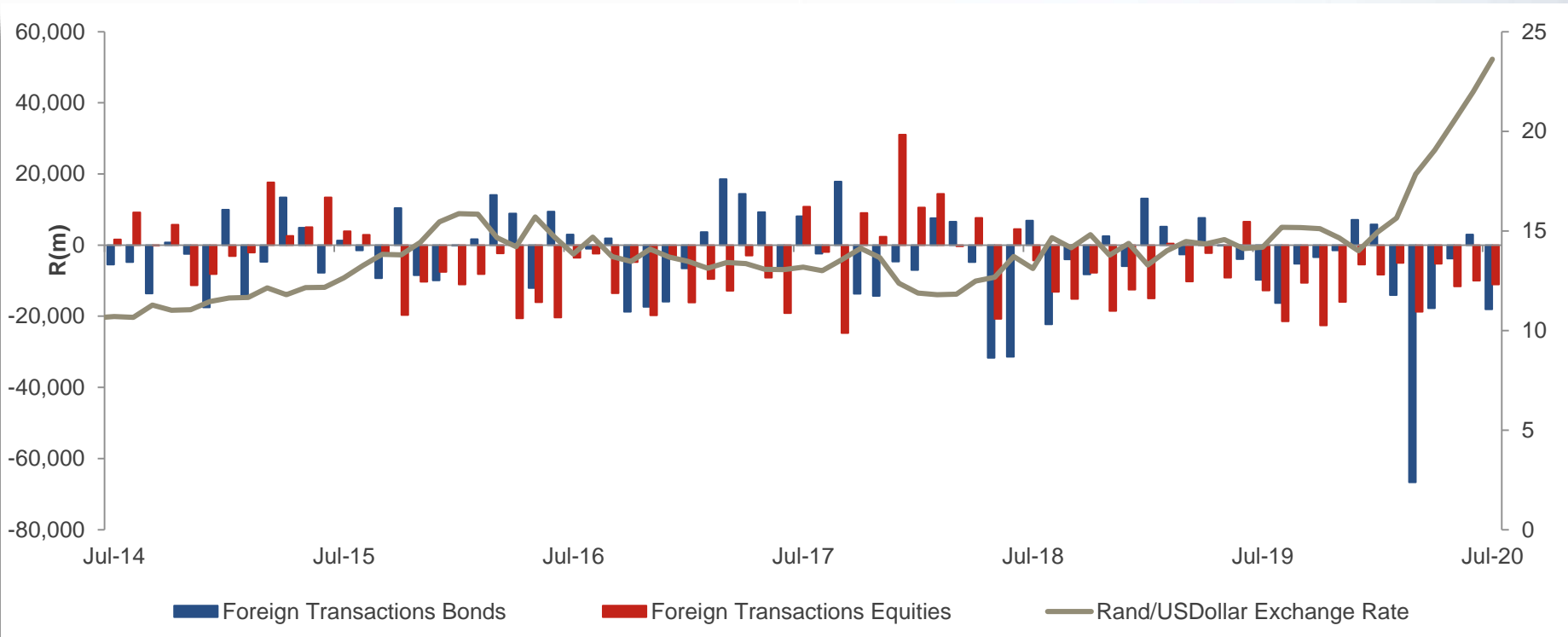
12 years to July 2020



# Foreign Transactions



2015 to 2020

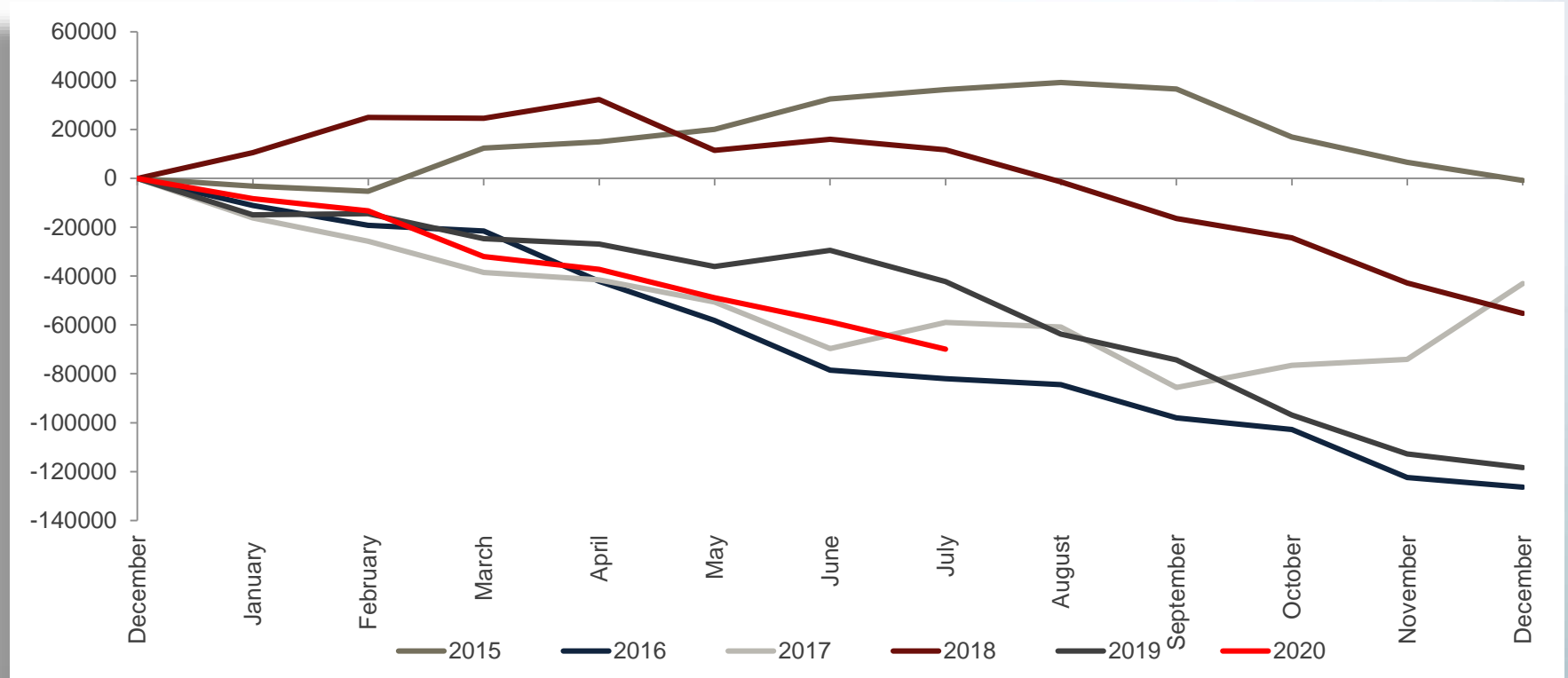


Source: IRESS and Momentum Investments

# Cumulative foreign transaction: Equities



2015 to 2020

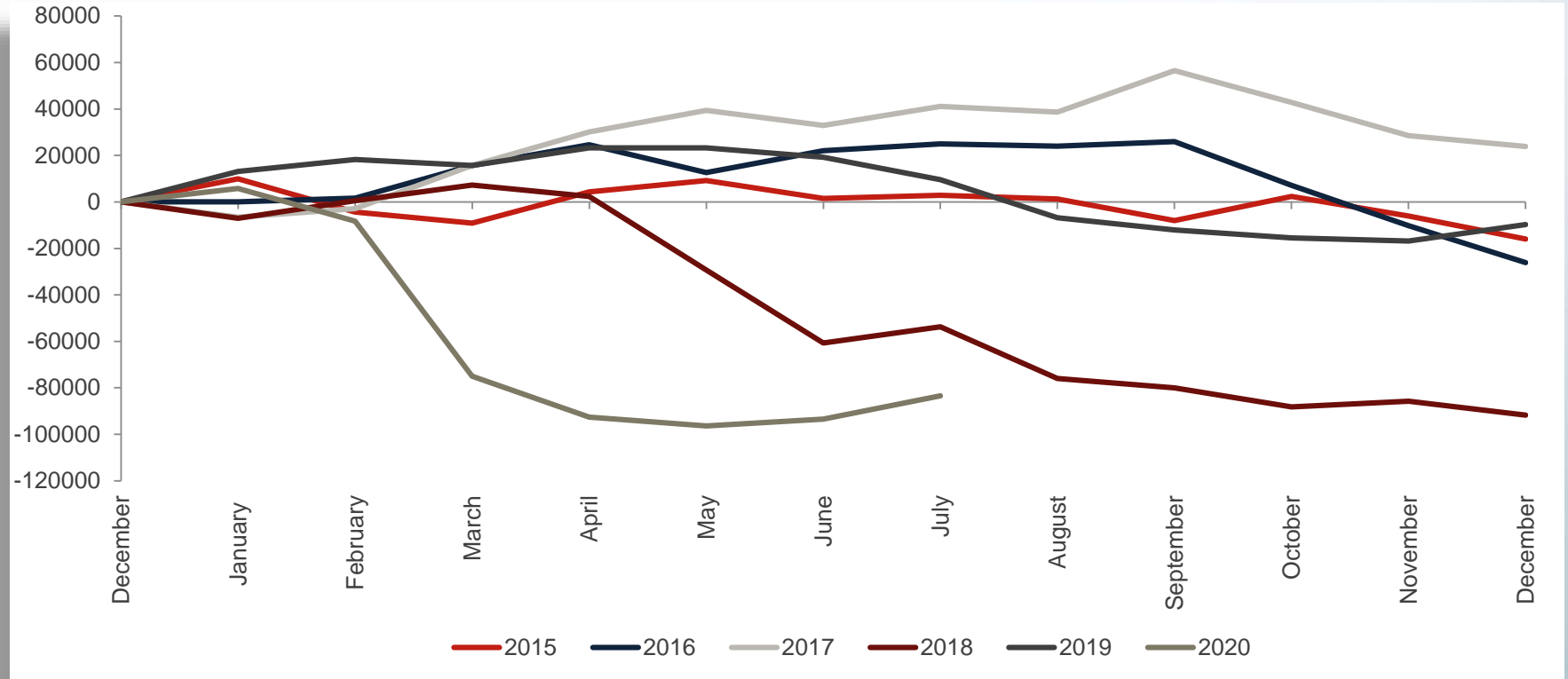


Source: IRESS and Momentum Investments

# Cumulative foreign transaction: Bonds



2015 to 2020



**momentum**

investments

Thank you



# Disclaimer



1. Sources: Momentum Investments, I-Net Bridge, [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.
5. FTSE/JSE disclaimer: [www.jse.co.za](http://www.jse.co.za)
6. The information reproduced in this document has been compiled by or arrived at by Investments from sources believed to be reliable.
7. Reasonable steps have been taken to ensure the validity and accuracy of the information in this document. However, Momentum Investments 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 used in this document is sourced from various media publications, the Internet and Momentum Investments. For further information, please visit us at [www.momentuminv.co.za](http://www.momentuminv.co.za).
9. Momentum Investments is a division of MMI Group Limited, which is an authorised financial services and credit provider.