



Trending

2 of 2020

Market Insights

South African Indicators

SA Indicators	2020/03/31	Year on Year
Exchange rate (Rand/US Dollar)	17.85	14.49
Exchange rate (Rand/ Euro)	19.71	16.26
Exchange rate (Rand/ UK Pound)	22.15	18.90
CPI	1.0%	5.2%
REPO rate	5.3%	6.8%
GDP (reported quarterly to end of previous quarter)	1.6%	0.1%
PPI	-0.2%	3.4%
Gold spot per oz	1615.31	1291.91
Brent crude per barrel	\$26.35	\$67.59

The first quarter of 2020 was a period unlike any other. Even though many important events occurred, the COVID-19 coronavirus pandemic overshadowed all. The pandemic changed our lives and will have a profound impact on the global economy as we move into a global recession. This has already been felt in financial markets from mid-February 2020, with stock markets around the world delivering record crash results and liquidity drying up in bond markets.

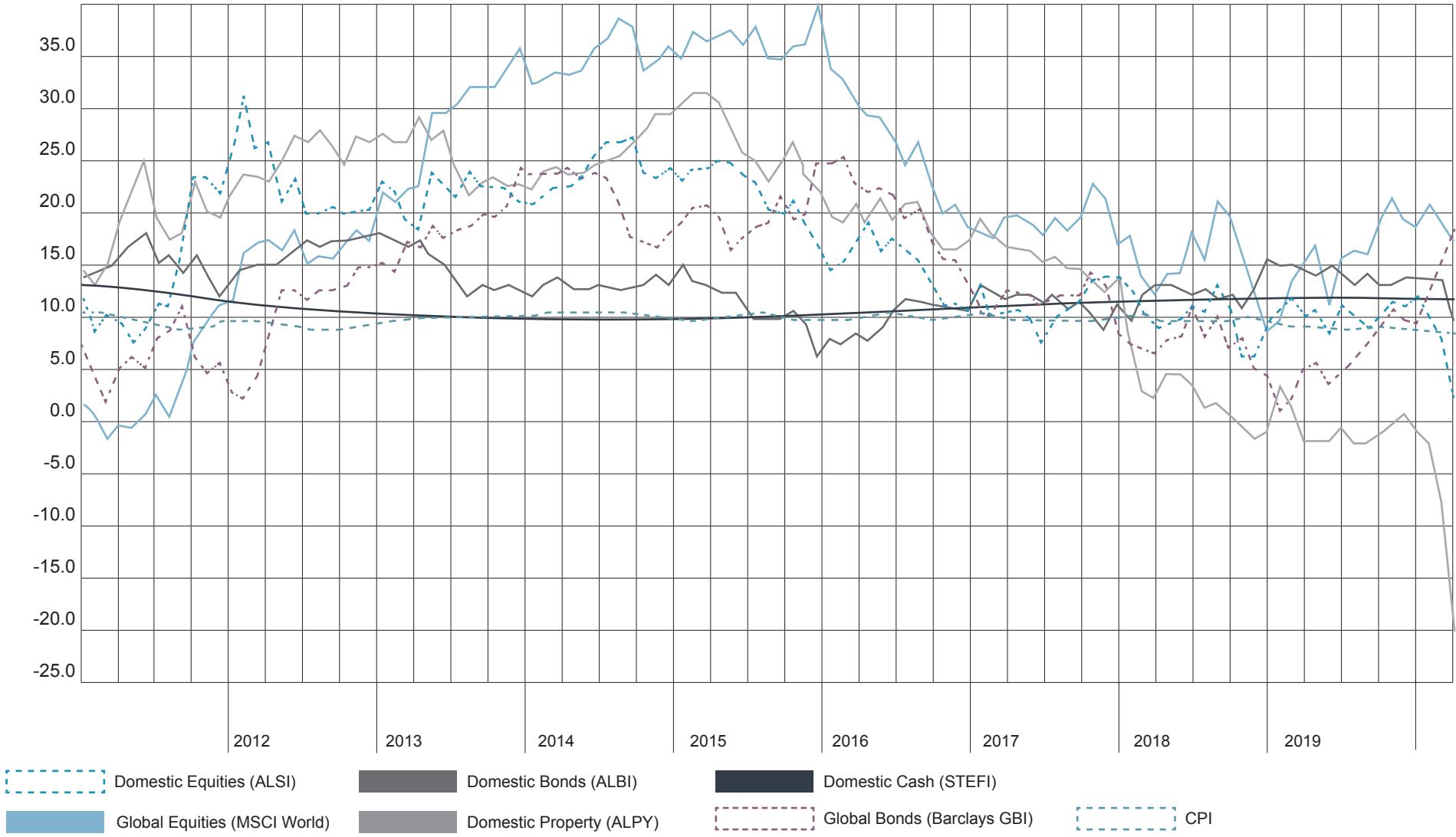
We have confidence that the prices of financial assets (held by retirement funds) will eventually recover as the world moves beyond the COVID-19 pandemic.

The key to managing one's exposure is not to focus on the extent of ("paper") losses, but to position one's savings to benefit from any such recovery.

Main Indices

Time Period: Since Common Inception (01/02/2008) to 31/12/2019

Rolling Window: 3 years 1 month shift



Source: Morningstar Direct

Local Equities

As of Date 31/03/2020 Currency: South African Rand



Source: Morningstar Direct

Local Equities

As of Date 31/03/2020 Currency: South African Rand



Growth
 Low Volatility
 Quality
 Value
 Momentum

Source: Morningstar Direct

Global Equities

As of Date 31/03/2020 Currency: South African Rand

Best	NASDAQ 14.6	NASDAQ 32.5	NASDAQ 25.5	NASDAQ 23.0	NASDAQ 27.0	NASDAQ 21.0
	S&P 500 2.7	S&P 500 15.2	S&P 500 15.6	S&P 500 15.3	S&P 500 20.8	S&P 500 15.4
	S&P 500 2.7	MSCI World ESG 14.4	MSCI World ESG 13.7	MSCI World ESG 12.6	MSCI World ESG 17.2	MSCI World 14.6
	MSCI World 1.0	MSCI World 11.6	MSCI World 12.8	MSCI World 12.2	MSCI World 17.1	MSCI EM 13.5
	MSCI ACWI GR USD 0.6	MSCI ACWI GR USD 10.5	MSCI ACWI GR USD 12.3	MSCI ACWI GR USD 11.8	MSCI ACWI GR USD 16.3	MSCI ACWI GR USD 13.5
	MSCI EM ESG 1.2	MSCI EM ESG 4.7	MSCI EM ESG 10.4	MSCI EM ESG 9.8	MSCI EM ESG 14.2	
	MSCI EM -2.4	MSCI EM 2.3	MSCI EM 8.6	MSCI EM 8.1	MSCI EM 10.4	
Worst	YTD	1 Year	3 Years	5 Years	10 Years	15 Years



Source: Morningstar Direct

Global Equities

As of Date 31/03/2020 Currency: South African Rand

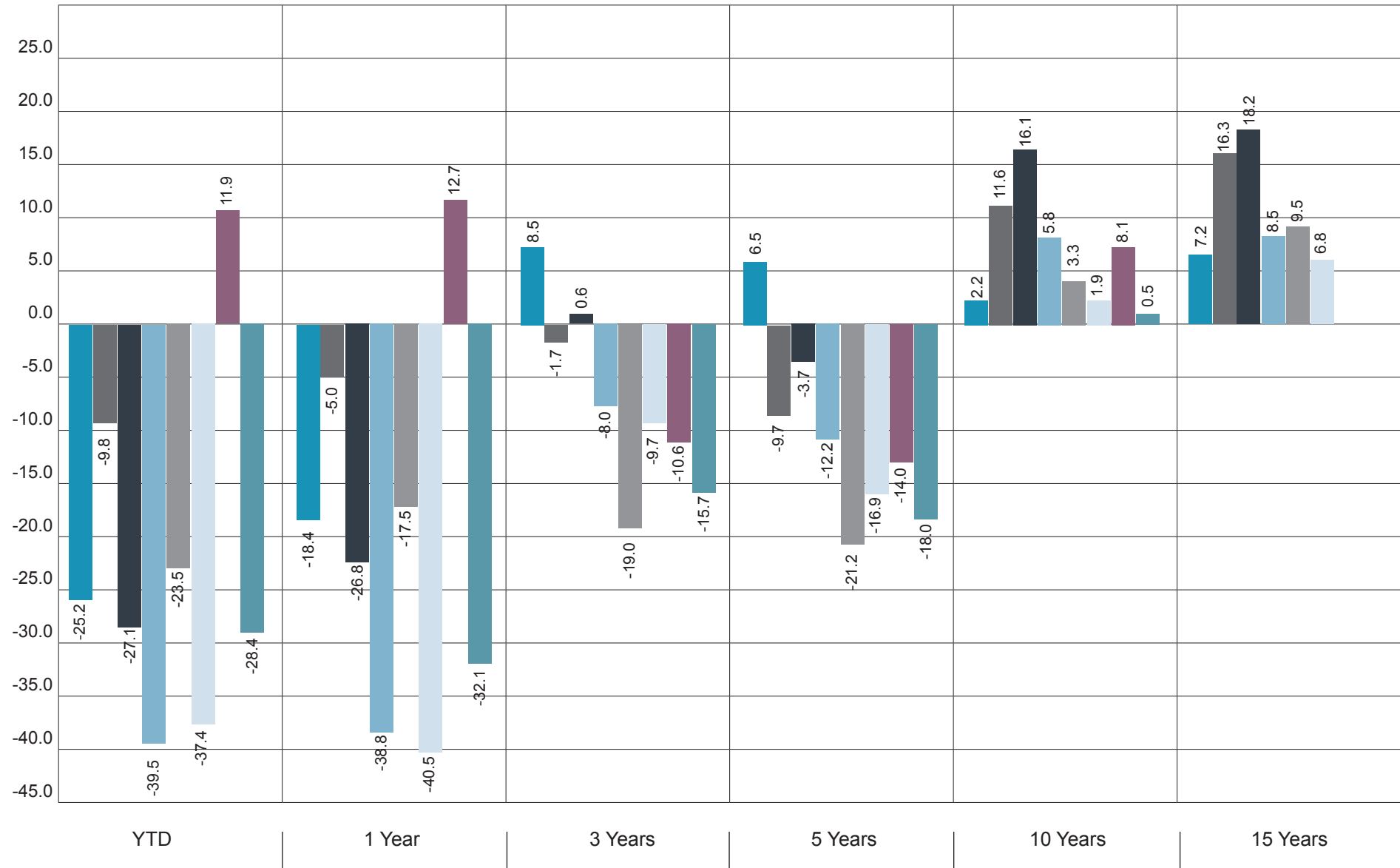
Best	Momentum 9.4	Quality 23.9	Momentum 20.4	Quality 17.2	Momentum 21.8	Momentum 17.0
	Growth 8.4	Growth 22.7	Quality 19.8	Momentum 17.1	Quality 20.9	Quality 16.8
	Quality 8.3	Momentum 20.1	Growth 18.8	Growth 15.6	Growth 19.5	Growth 15.4
	Low Volatility 8.0	Low Volatility 17.2	Low Volatility 15.4	Low Volatility 14.6	Low Volatility 19.4	Low Volatility 15.1
	High Dividend Yield 0.1	High Dividend Yield 9.2	High Dividend Yield 10.8	High Dividend Yield 11.4	High Dividend Yield 16.4	High Dividend Yield 13.0
	Value -6.5	Value 0.8	Value 6.7	Value 8.7	Value 14.7	Value 11.8
Worst	YTD	1 Year	3 Years	5 Years	10 Years	15 Years



Source: Morningstar Direct

Local Sectors

As of Date 31/03/2020 Currency: South African Rand



Source: Morningstar Direct

Market Insights

There are many “lowlights” for the quarter, including:

- The FTSE/JSE All Share Index retracting by 37.2%.
- The MSCI All Country World Index is down 33.7% in USD, in rand terms the index is down only 21.5%.
- The price of oil (Brent spot) came down by 64.0% (from USD 68.66 on 3 January to USD 24.74 on 1 April). This is positive for South Africa, but negative for Sasol.
- The rand traded at an intraday lowest level of R13.93 against the USD on 2 January 2020 and weakened to an intraday highest level of R19.09 on 3 April 2020 (-27.0%).
- Bond yields reacted sharply - South Africa's 10-year government bond, the R2030, traded at a lowest intraday yield to maturity of 8.6% on 28 February 2020. Only to race up to a high intraday yield to maturity of 13.4% on 25 March 2020, translating into a loss of 19.3%.
- The Barclays Global Aggregate Index (global bonds) fell by 8.8% in USD from 9 to 19 March 2020; in rand terms the index is up 35.0% from the lowest to the highest level during the quarter.
- The already depressed listed property sector fell by 58.0% from top to bottom in quarter 1 of 2020.
- South Africa's sovereign credit rating was downgraded to sub-investment grade by ratings agency Moody's on 27 March 2020 and South African bonds will be excluded from the World Government Bond Index at the next re-balancing of the index (expected April 2020).
- Ratings agency Fitch afterwards announced a deeper negative outlook for South Africa's sovereign credit rating.
- The South African Reserve Bank cut the repo rate by 1.00% in March 2020. Then a further 1.00% cut occurred in April 2020, bringing the repo rate to 4.25%.
- Central banks around the have cut repo rates and resolved to quantitative easing in an attempt to provide economic stimulus.

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Many countries around the world are looking at disastrous economic growth for Q1 and Q2 of 2020 as citizens obey government orders to lock down, isolate or stay home. There is no doubt that we will experience a deep global recession in the second quarter of the year and this could even spill over into the third quarter, depending on how effective the world is at treating COVID-19 and how quickly we can return to normal economic activity. We may also go through a period of sustained low global economic growth as we discount the cost of dealing with the COVID-19 pandemic.

In closing, one should be mindful of the human tragedy caused by the COVID-19 coronavirus pandemic and that many people are likely to lose their lives. In this pandemic, South Africa is fortunate to have strong and decisive leadership in President Ramaphosa, Health Minister Mkhize, Finance Minister Mboweni and Reserve Bank Governor Kganyago.

It could have been so much worse. It will get better. We need to be patient. Stay faithful to your investment strategy; any knee-jerk reactions sparked by fear will be costly.