



## Trending

4 of 2020

## Market Insights

### South African Indicators

SA Indicators	2020/09/30	Year on Year
Exchange rate (Rand/US Dollar)	16.76	15.14
Exchange rate (Rand/ Euro)	19.64	16.50
Exchange rate (Rand/ UK Pound)	21.65	18.61
CPI	0.2%	3.1%
REPO rate	3.5%	6.5%
GDP (reported quarterly to end of previous quarter)	-	-17.1%
PPI	0.7%	2.4%
Gold spot per oz	1887.9	1490.27
Brent crude per barrel	\$42.30	\$60.78

A key investment theme for the third quarter of 2020 was a continued improvement in the prices of many financial assets globally over this period, building on the recovery that took place in the second quarter of the year. A number of stock markets achieved record-high levels during the quarter, especially markets that are dominated by tech stocks.

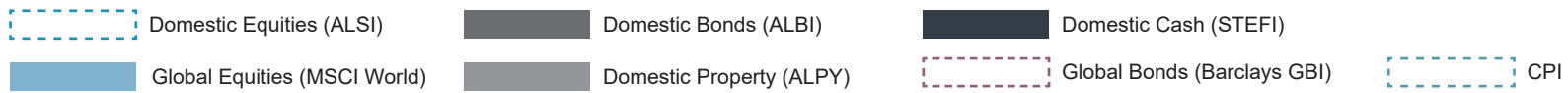
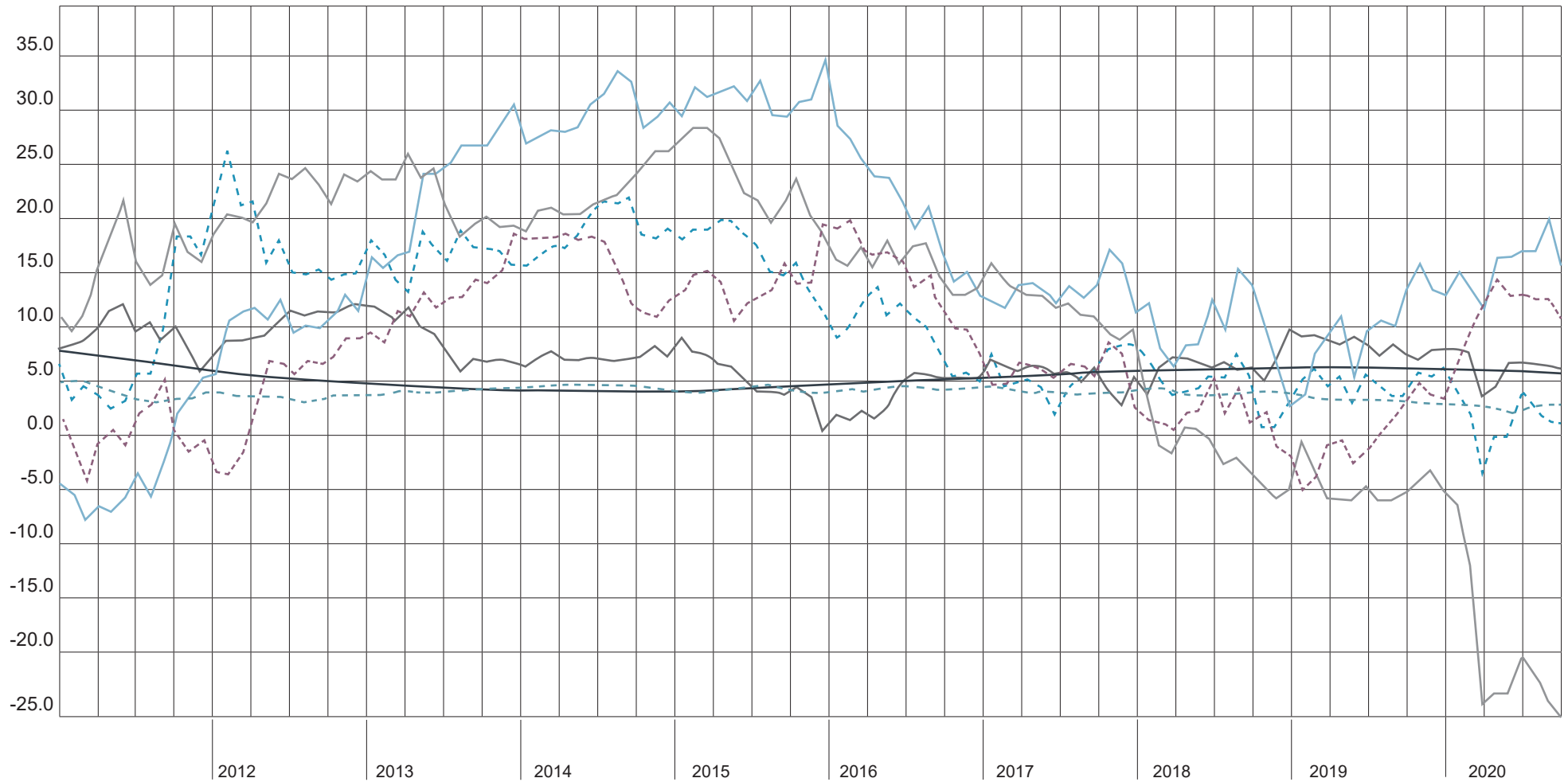
We expect that short-term events in financial markets are likely to be driven by macroeconomic developments, and significant further stimulation of economic growth in the US and globally. The recent change of circumstances in financial markets is typical of a consolidation phase. Markets depend on the release of new data for direction. This is characteristic of softer conditions unfolding in financial markets and waning momentum.

This will have an impact on the global economic environment and on South Africa.

# Main Indices

Time Period: Since Common Inception (01/02/2008) to 30/09/2020

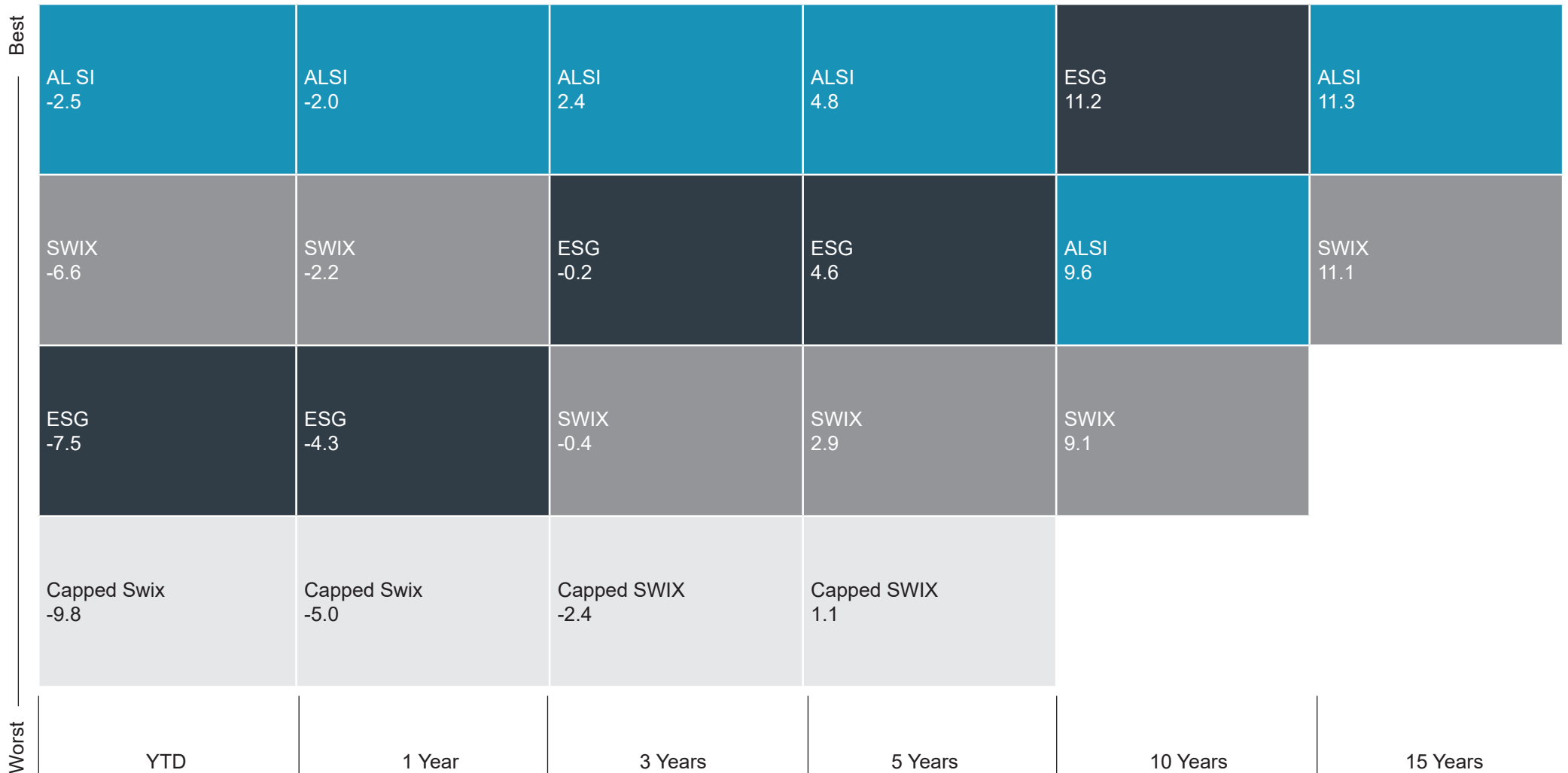
Rolling Window: 3 years 1 month shift



Source: Morningstar Direct

# Local Equities

As of Date 30/09/2020 Currency: South African Rand



ALSI
  SWIX
  Capped SWIX
  ESG

Source: Morningstar Direct

# Local Equities

As of Date 30/09/2020 Currency: South African Rand

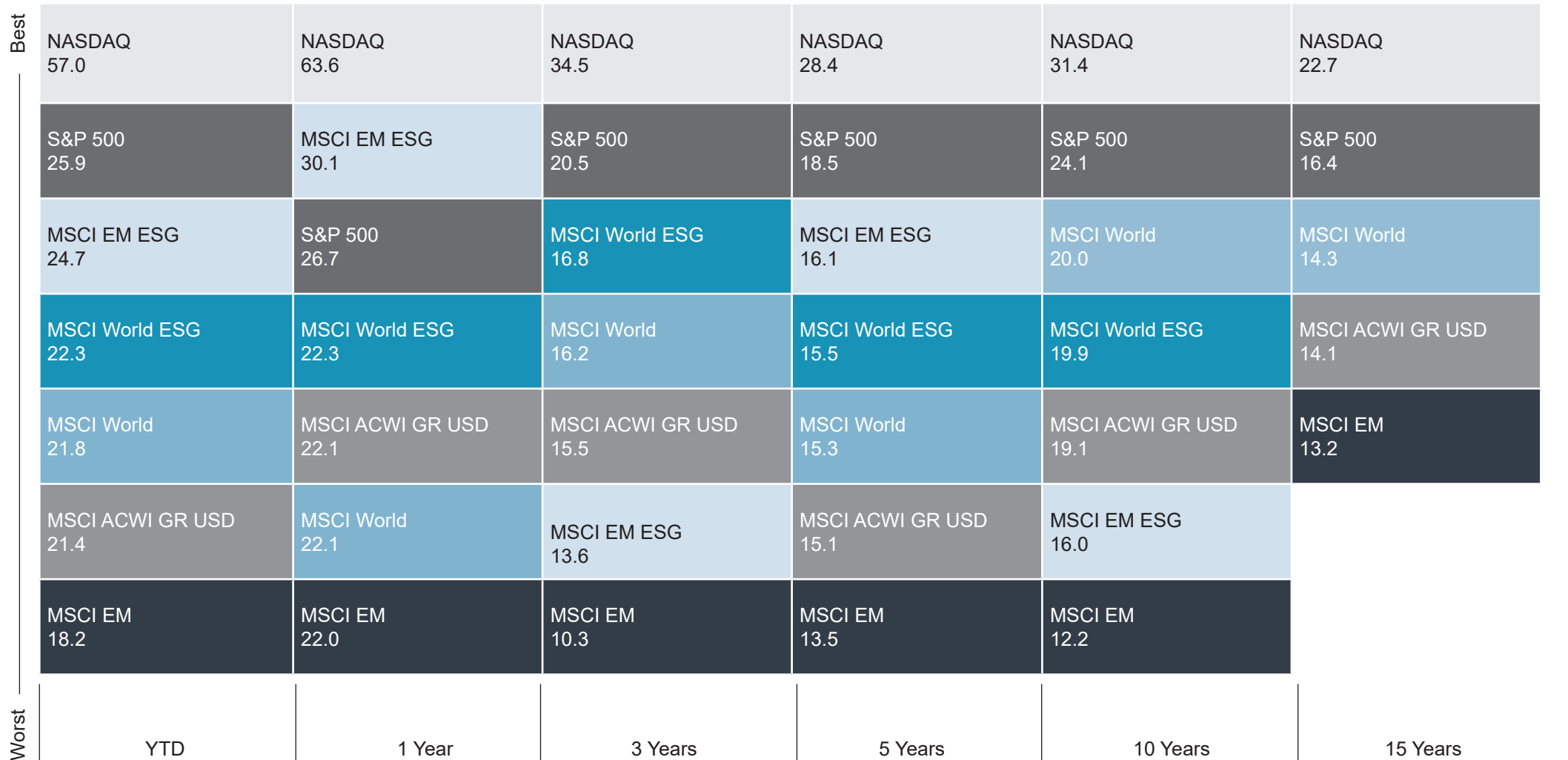


Growth
  Low Volatility
  Quality
  Value
  Momentum

Source: Morningstar Direct

# Global Equities

As of Date 30/09/2020 Currency: South African Rand



S&P 500
  MSCI World
  MSCI ACWI GR USD
  MSCI EM
  MSCI World ESG
  MSCI EM ESG
  NASDAQ

Source: Morningstar Direct

# Global Equities

As of Date 30/09/2020 Currency: South African Rand

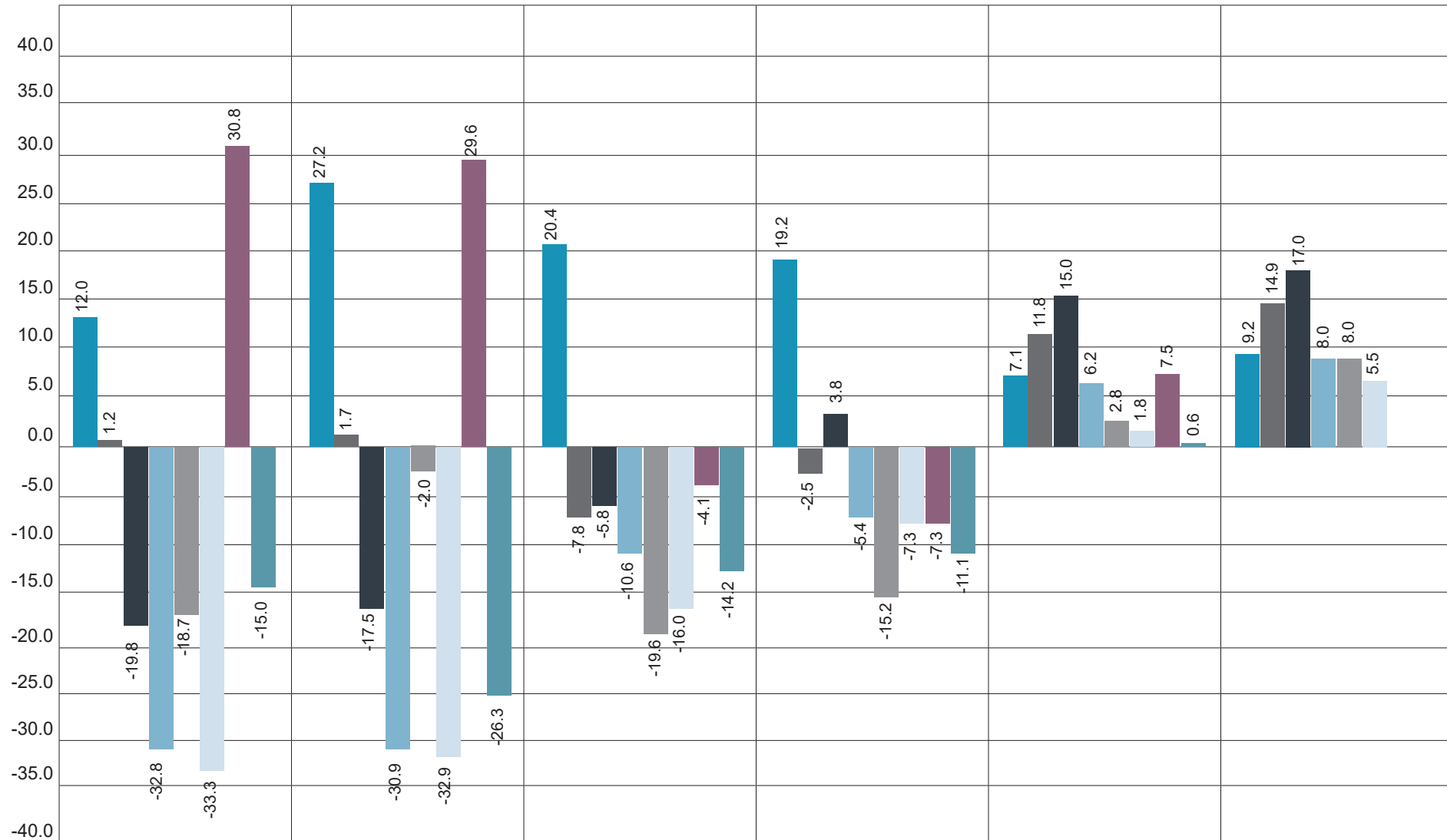
Best	Growth 42.2	Growth 44.0	Growth 25.3	Momentum 21.2	Momentum 25.1	Quality 17.8
	Momentum 38.8	Momentum 36.4	Momentum 24.4	Growth 20.6	Quality 24.0	Momentum 17.5
	Quality 32.4	Quality 36.2	Quality 24.0	Quality 20.0	Growth 23.3	Growth 16.7
	Low Volatility 16.4	Low Volatility 10.7	Low Volatility 15.5	Low Volatility 14.2	Low Volatility 20.4	Low Volatility 15.0
	High Dividend Yield 7.7	High Dividend Yield 6.5	High Dividend Yield 10.3	High Dividend Yield 11.7	High Dividend Yield 17.6	High Dividend Yield 12.9
	Value 2.5	Value 1.6	Value 7.1	Value 9.9	Value 16.5	Value 11.8
Worst	YTD	1 Year	3 Years	5 Years	10 Years	15 Years



Source: Morningstar Direct

# Local Sectors

As of Date 30/09/2020 Currency: South African Rand



Source: Morningstar Direct

## Market Insights

Following the global economic contraction in 2020 (“the COVID-contraction”), South African Gross Domestic Product (GDP) contracted by 17.1% year on year by June 2020. The GDP contraction for the second quarter was 16.4% from the first quarter of 2020 (the contraction of 51% quoted in the press is an annualised number). Most economists still expect South Africa’s economy to contract by between 8% and 10% during 2020, with a muted rebound of around 3% to 5% in 2021, unless Government is able to provide some form of stimulus to the economy. At this stage, it appears that the infrastructure spending programme is Government’s key initiative to boost economic growth, but they will need funding from the private sector.

In summary:

- Underlying economic conditions globally continue to improve.
- Global financial markets have recovered strongly since the COVID-related crash in March 2020, but are looking for direction that may result from further fiscal or monetary stimuli.
- A second wave of COVID-19 infections has emerged, mostly in Europe, but so far this has had a muted impact on investment markets.
- Of particular interest at present are the US elections, both the presidential election and the Senate elections.
- South Africa is likely to experience some economic recovery, but perhaps not to the same extent as other economies around the world.
- Financial markets in South Africa are likely to follow global markets.
- South Africa’s economy is desperately looking to our government for help – with corruption-free government initiatives (for example infrastructure spending) backed by market-friendly policies that can be trusted to boost our economy.