

Market Review – March 2020

This month Moody's downgraded the South Africa's sovereign credit rating to sub-investment grade with a negative outlook, adding to the country's economic troubles. This is now the third major credit ratings agency to rate SA as junk.

The world is fighting a pandemic, the Covid-19 coronavirus has claimed over 42 000 around the globe and confirmed infections nearing 900 000. Global markets have suffered losses comparable, if not worse than the 2008 financial crisis. Businesses are suffering because of the resulting decrease in demand.

Local Markets

Mid and small caps have been affected more than Large caps. The property sector is now down close to 50% for the year -more than any other sector meanwhile consumer goods doing quite well at only -5% down this month. Financial stocks have also been particularly hard hit due to the Moody's downgrade, falling exchange rate and interest rate and deleveraging in the economy. The rand this year is down 21.5% against the USD, ending the month at 17.8/\$

| Equity Indices | This Month | YTD |
|---------------------------|------------|---------|
| Technology | 8.46% | 11.87% |
| Consumer Goods | -4.88% | -10.29% |
| Top40 - (Tradable) | -11.15% | -19.83% |
| All Share | -12.83% | -22.06% |
| Health Care | -13.56% | -23.99% |
| Basic Materials | -14.01% | -26.62% |
| Consumer Services | -14.04% | -27.94% |
| Telecommunication | -20.88% | -28.41% |
| Small Cap | -22.04% | -33.13% |
| Industrials | -23.55% | -38.61% |
| Mid Cap | -24.21% | -36.26% |
| Financials | -29.71% | -39.73% |
| SA Listed Property (J253) | -37.51% | -48.93% |

It makes sense to see consumer staples and healthcare among the top performing companies; most of them remain operational while the country is in lockdown and are among the list of companies described as "essential services" and "essential goods" as per the amended regulations to the disaster management act.

| <i>JSE Top 40 - Top performing shares</i> | | | | | |
|---------------------------------------------|-------------------------|------------------------|-------------------------|--------------|------------|
| <i>Share Code</i> | <i>Company Name</i> | <i>Industry Sector</i> | <i>Market Cap (Rmn)</i> | <i>March</i> | <i>YTD</i> |
| PRX | PROSUS NV | Communications | 1,975,295 | 17.1% | 17.2% |
| ANG | ANGLOGOLD ASHANTI LTD | Basic Materials | 128,234 | 14.9% | 0.8% |
| SHF | SHOPRITE HOLDINGS LTD | Consumer, Non-cyclical | 74,319 | 11.5% | -0.7% |
| SPP | SPAR GROUP LIMITED/THE | Consumer, Non-cyclical | 34,753 | 10.8% | -8.0% |
| CLS | CLICKS GROUP LTD | Consumer, Cyclical | 64,406 | 9.4% | 0.4% |
| NPN | NASPERS LTD-N SHS | Communications | 1,095,694 | 7.3% | 11.5% |
| <i>JSE Top 40 - Worst performing shares</i> | | | | | |
| <i>Share Code</i> | <i>Company Name</i> | <i>Industry Sector</i> | <i>Market Cap (Rmn)</i> | <i>March</i> | <i>YTD</i> |
| INL | INVESTEC LTD | Financial | 32,469 | -39.3% | -42.3% |
| ABG | ABSA GROUP LTD | Financial | 64,709 | -43.3% | -49.8% |
| INP | INVESTEC PLC | Financial | 32,915 | -47.5% | -49.9% |
| NED | NEDBANK GROUP LTD | Financial | 42,618 | -53.2% | -61.4% |
| RDF | REDEFINE PROPERTIES LTD | Financial | 14,367 | -56.4% | -68.7% |
| SOL | SASOL LTD | Basic Materials | 22,380 | -80.1% | -87.8% |

International Markets

Looking at international index returns for the year to end March. Europe was hit more than the US and Asia. Conditions in China seem to have stabilized while the rest of the world is experiencing increasing rates of infections and deaths due to the novel corona virus. The death toll in Italy has surpassed that of China.

| International Markets | Region | USD | ZAR |
|------------------------|------------------------------------------|---------|---------|
| Americas | S&P 500 index | -20.00% | 1.88% |
| Americas | Nasdaq Composite index | -14.18% | 9.30% |
| Americas | Dow Jones Industrial Average | -23.20% | -2.19% |
| Europe and Middle East | Euro Stoxx 50 price EUR | -27.30% | -7.41% |
| Europe and Middle East | FTSE 100 Index | -29.70% | -10.47% |
| Europe and Middle East | CAC 40 index | -28.15% | -8.50% |
| Europe and Middle East | Deutsche Borse AG German Stock Index DAX | -26.61% | -7.14% |
| Asia | Nikkei 225 | -19.21% | 2.23% |
| Asia | Hong Kong Hang Seng index | -15.86% | 7.16% |

Emperor Asset Management

Emperors leveraged portfolios are the top performers due to their international exposure and ability to short shares. While the Core and Enhanced portfolios are down for the year, their performance is still best in class for the risk they target. The momentum building block has been the worst hit while the value building block is relatively out-performing. This is as expected and proves our management philosophy of factor investing and diversification between factors

| Investment Products | | This Month | YTD |
|----------------------------|-------------------------------------|-------------------|------------|
| Segregated Portfolios | Leveraged Equity (RFS) | 4.24% | 4.85% |
| Segregated Portfolios | Long-Short 140/40 (SJR) | 3.46% | 0.85% |
| Easy Equities - Bundles | Core Income Plus (Elbrus) | -4.15% | -3.79% |
| Easy Equities - Bundles | Core Conservative (Kilimanjaro) | -4.33% | -5.13% |
| Easy Equities - Bundles | Core Moderate (Denali) | -4.21% | -6.24% |
| Easy Equities - Bundles | Core Balanced (Aconcagua) | -5.37% | -8.82% |
| Easy Equities - Bundles | Core Flexible Equity (Everest) | -6.42% | -12.76% |
| Easy Equities - Bundles | Enhanced Conservative (Kilimanjaro) | -4.32% | -5.54% |
| Easy Equities - Bundles | Enhanced Moderate (Denali) | -4.06% | -6.49% |
| Easy Equities - Bundles | Enhanced Balanced (Aconcagua) | -5.10% | -8.95% |
| Easy Equities - Bundles | Enhanced Flexible Equity (Everest) | -4.70% | -9.68% |
| Easy Equities - Bundles | Quality Building Block | -10.11% | -22.19% |
| Easy Equities - Bundles | Stability Building Block | -13.28% | -23.88% |
| Easy Equities - Bundles | Value Building Block | -3.74% | -16.03% |
| Easy Equities - Bundles | Momentum Building Block | -23.01% | -30.09% |
| Easy Equities - Bundles | Core International Portfolio | 7.17% | 9.92% |
| Easy Equities - Bundles | International Equity Bundle (USD) | -10.37% | -13.22% |

All Performance data sourced from Bloomberg on 31 March 2020.

Happy investing!

Disclaimer:

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