
Market Overview

April 2019

Market and Economic Summary

Global equity markets continued to climb higher in April as market participants reacted positively to the accommodative stance adopted by the major central banks around the world, especially the U.S. Federal Reserve. Many U.S. companies released results in April (more than half of the companies making up the S&P 500 posted first quarter results in the month), with most companies posting better than expected numbers. Positive rhetoric from trade talks between the U.S. and China combined with attempts by the Chinese government to support a slowing Chinese economy also proved supportive of equity markets.

Most other global markets ended the month in positive territory, except for Chinese equities, which finished the month largely flat after a very strong start to the year.

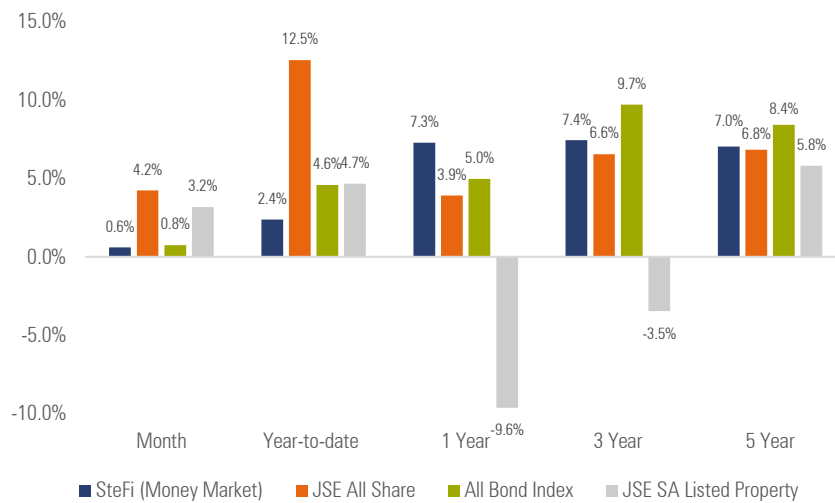
U.S. economic data released in April was better than expected, with year-on-year GDP growth of 3.2% to the end of March 2019 showing no sign of negative feedback from the market volatility in December 2018 and the extended government shutdown. Slowing inflation appears to have vindicated the decision of the U.S. Federal Reserve to pause on interest rates.

South African equities continued a recent trend of strong performance, ending higher for a fifth consecutive month. Strong performance from the large industrial shares (particularly Naspers and AB Inbev) and the big four banks drove the JSE higher during April.

Local listed property moved higher during April, as investors took advantage of the attractive initial yields on offer despite poor economic fundamentals in the local environment. Local bonds held up well despite concerns around sluggish GDP growth and the strain on the fiscus from Eskom's financial difficulties.

The country is looking ahead to the general elections on the 8th of May, with ANC President Cyril Ramaphosa requiring a strong win in order to continue reforms to boost depressed consumer and business confidence.

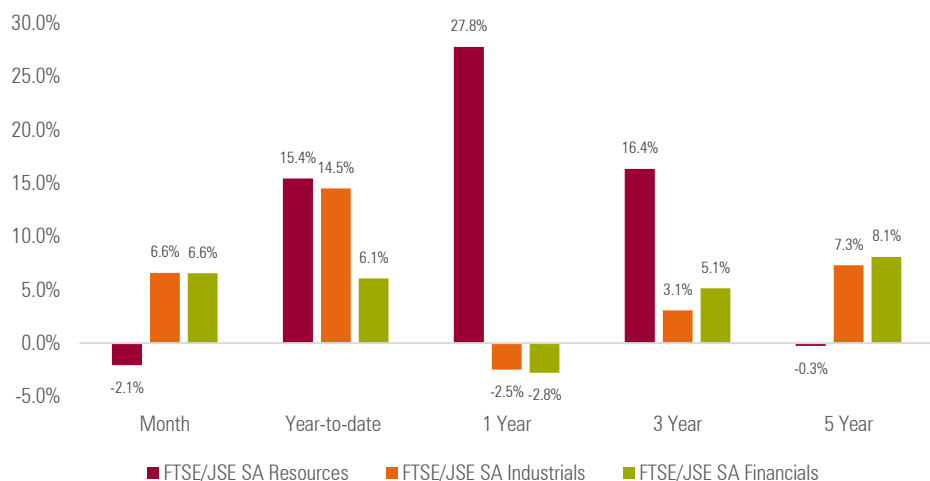
Exhibit 1: SA Market Performance (total returns)



Source: Morningstar Direct as at 30/04/2019. Returns are in South African Rand and have been annualised for periods longer than 1 year.

Industrials (+6.6%) and **Financials** (+6.6%) both delivered decent returns during April, while **Resources** (-2.1%) gave back some of its year-to-date gains during the month.

Exhibit 2: SA Sector Performance (total returns)



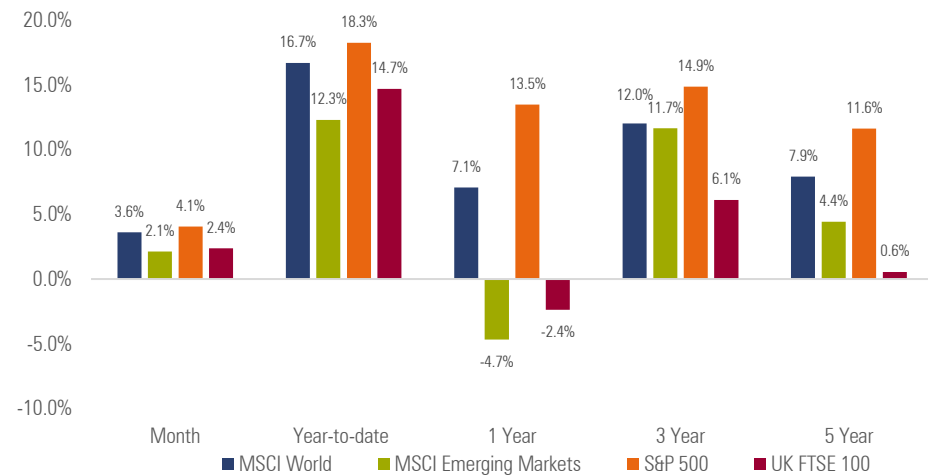
Source: Morningstar Direct as at 30/04/2019. Returns are in South African Rand and have been annualised for periods longer than 1 year.

Developed market equities delivered strong performance in April, mainly driven by performance from U.S. equities as companies announced better than expected earnings during the month. The **MSCI World Index** (+3.6%) was up sharply in April and has now delivered a year-to-date return of +16.7%.

Emerging market equities fared slightly worse than developed markets during April, however, the asset class still managed to deliver a positive return for the month. The **MSCI Emerging Markets Index** (+2.1%) ended April higher and has now delivered a return of +12.3% since the start of the year.

Most major equity markets delivered strong returns during the month, with Germany's **FSE DAX** (+6.9%), Japan's **Nikkei 225** (+4.3%) and the UK's **FTSE 100** (+2.4%) all ending April higher. China's **Shanghai SE Composite** (-0.7%) was one of the few major equity markets to end the month with a negative return.

Exhibit 3: International Market Performance (total returns)



Source: Morningstar Direct as at 30/04/2019. Returns are in US dollars and have been annualised for periods longer than 1 year.

Impact on client portfolios

South African investors received decent returns in April, as all local asset classes delivered positive returns during the month. Local equities continue to deliver strong returns in line with the supportive global market environment. Global equities continued to deliver positive outcomes during the month, despite the rand being largely flat against most major currencies during April. Income investors will also be pleased with portfolio returns in April, as local bonds, cash and listed property all contributed to positive performance for the month.

2019 has been characterized by strong performance from most global equity markets across the globe. While we are pleased that the performance from portfolios has been so strong year-to-date, we are weary of extrapolating recent returns into the future. Markets continue to be very sensitive to short term news flow and we have very little ability in forecasting these events, let alone how investors will react. We will continue to focus on the fundamentals, following a valuation driven approach that we believe will produce the best results for investors hard earned money.

Local Market Indices	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
JSE All Share	4.23	12.54	3.90	6.55	6.83	11.20
JSE SA Listed Property	3.17	4.67	-9.63	-3.46	5.80	9.06
All Bond Index	0.75	4.59	4.97	9.71	8.42	7.86
STeFI (Money Market)	0.59	2.37	7.27	7.43	7.03	6.54
Local Market Sectors	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
JSE Top 40	4.58	13.41	5.00	7.07	6.67	11.30
JSE Mid Cap	2.64	5.47	-4.58	1.43	6.05	9.18
JSE Small Cap	4.82	1.24	-13.48	-3.02	3.05	8.91
FTSE/JSE SA Resources	-2.05	15.43	27.77	16.35	-0.27	2.58
FTSE/JSE Ind/Financials	6.55	6.08	-2.79	5.14	8.09	12.74
FTSE/JSE SA Industrials	6.59	14.50	-2.47	3.07	7.30	13.49
Global Market Indices	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
MSCI World	3.60	16.70	7.08	12.02	7.91	10.52
MSCI Emerging Markets	2.12	12.30	-4.68	11.66	4.42	3.54
S&P 500	4.05	18.25	13.49	14.87	11.63	13.59
NASDAQ 100	5.50	23.32	19.10	22.87	18.17	17.63
FTSE 100	2.37	14.68	-2.37	6.12	0.55	4.49
SSE Composite	-0.65	25.80	-5.94	0.28	7.14	2.68
Nikkei 225	4.32	10.53	-0.62	10.81	9.40	9.68
FSE DAX	6.89	14.61	-9.21	6.36	0.77	6.42
US T-Bill 3m	0.20	0.82	2.29	1.35	0.84	0.62
Commodities	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
Oil Price Brent Crude	6.45	35.32	-3.15	14.79	-7.61	-6.79
Gold	-1.01	0.26	-2.35	-0.09	-0.10	-3.55
Platinum	4.59	12.82	-1.77	-5.84	-8.99	-7.80
Copper	-0.66	8.00	-5.02	8.49	-0.85	-3.79

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