

Market Review – September 2020

According to Statistics South Africa the number of employed people dropped by 2.2 million compared to the first quarter of 2020 – this is a result of the lockdown and other regulations around Covid-19. In an effort to boost the economy the country moved to lockdown level 1, allowing almost all industries to operate and opening up borders for international travel.

Local Markets

The rand gained 1% in September, ending the month at 16.7 ZAR/\$. Petrol and diesel prices are scheduled to drop on Wednesday; the price of petrol 95 octane, both unleaded (ULP) and lead replacement (LRP), will drop by 32c/l, while the price of petrol 93 octane, both ULP and LRP, will drop by 23c/l.

Equity Indices	Sep-20	YTD
Consumer Services	5.45%	-21.44%
Financials	2.19%	-35.27%
Industrials	0.91%	-34.81%
Mid Cap	0.68%	-26.66%
Consumer Goods	0.60%	-0.87%
Small Cap	0.58%	-19.75%
All Share	-2.18%	-4.94%
Top40 - (Tradable)	-2.31%	-1.52%
Health Care	-2.82%	-19.26%
SA Listed Property (J253)	-3.39%	-48.79%
Basic Materials	-4.49%	8.04%
Technology	-5.00%	30.77%
Telecommunication	-5.30%	-19.44%

Financials, having performed dismally this year so far, jumped up in September, the sector was up 2% in September – led by Capitec (up 24%), followed by Absa (up 15.6%). The prospects in the sector remain uncertain as banks still facing a lot of pressure with rising bad debts and reduced loan sales. Gold stocks pulled back in the month, but they are still doing quite well for the year. Harmony Gold sits at 74% in 2020 after dropping close to 20% in September.

<i>JSE Top 40 - Top performing shares</i>					
Share Code	Company Name	Industry Sector	Market Cap (Rmn)	September	YTD
CPI	CAPITEC BANK HOLDINGS LTD	Financial	119,949	24.2%	-28.3%
SHP	SHOPRITE HOLDINGS LTD	Consumer, Non-cyclical	80,806	23.7%	8.5%
SPP	SPAR GROUP LIMITED/THE	Consumer, Non-cyclical	36,527	17.3%	-4.0%
ABG	ABSA GROUP LTD	Financial	75,721	15.6%	-40.2%
MRP	MR PRICE GROUP LTD	Consumer, Cyclical	35,707	13.9%	-27.7%
WHL	WOOLWORTHS HOLDINGS LTD	Consumer, Non-cyclical	37,004	10.9%	-27.5%
<i>JSE Top 40 - Worst performing shares</i>					
Share Code	Company Name	Industry Sector	Market Cap (Rmn)	September	YTD
PRX	PROSUS NV	Communications	2,502,848	-9.3%	46.3%
SSW	SIBANYE STILLWATER LTD	Basic Materials	135,466	-9.7%	29.1%
RNI	REINET INVESTMENTS SCA	Financial	56,921	-10.1%	4.7%
APN	ASPEN PHARMACARE HOLDINGS LT	Consumer, Non-cyclical	54,446	-12.2%	0.1%
ANG	ANGLOGOLD ASHANTI LTD	Basic Materials	181,218	-12.4%	36.8%
HAR	HARMONY GOLD MINING CO LTD	Basic Materials	53,798	-19.4%	74.1%

International Markets

The market pulled back in September after the rally in August. The Nasdaq shed 5% and the S&P500 dropped 3.92% in September. Markets may continue to be volatile due to uncertainties around the US presidential elections and pandemic stimulus package uncertainties.

Region	Index	ZAR	USD
Americas	S&P 500 index	-5.30%	-3.92%
Americas	Nasdaq Composite index	-6.52%	-5.16%
Americas	Dow Jones Industrial Average	-3.68%	-2.28%
Europe and Middle East	Euro Stoxx 50 price EUR	-5.60%	-4.22%
Europe and Middle East	FTSE 100 Index	-4.09%	-4.70%
Europe and Middle East	CAC 40 index	-6.08%	-4.71%
Europe and Middle East	Deutsche Borse AG German Stock Index DAX	-4.65%	-3.26%
Asia	Nikkei 225	-0.97%	0.47%
Asia	Hong Kong Hang Seng index	-8.16%	-6.82%

Emperor Asset Management

USD

Our Enhanced USD bundle is down 1.42% in the month compared to -3.9% for S&P500 Index. Year-to-date this bundle has done 42% compared to 4.09% for the S&P. We continue to believe in this thematic portfolio investing in cloud, e-commerce, fintech, biotechnology, security, etc.

ZAR

All of our ZAR bundles including our segregated portfolios were down this month with the market. Our over-exposure to commodities and under-exposure (and for segs, short exposure) to financials were the cause of the under-performance for the month. Enhanced flexible equity, our premier local equity bundles, is up 10.75% and our Long-Short equity is up 17.5% for the year vs top 40 at -1.52%. We continue to monitor and analyse the market with the aim of outperforming over the long term.

<i>Investment Products</i>		<i>This Month</i>	<i>YTD</i>
Segregated Portfolios	Leveraged Equity (RFS)	-7.57%	18.83%
Segregated Portfolios	Long-Short 140/40 (SJR)	-6.89%	17.53%
Easy Equities - Bundles	Core Income Plus (Elbrus)	-0.55%	5.94%
Easy Equities - Bundles	Core Conservative (Kilimanjaro)	-1.20%	11.89%
Easy Equities - Bundles	Core Moderate (Denali)	-1.59%	11.61%
Easy Equities - Bundles	Core Balanced (Aconcagua)	-1.98%	10.15%
Easy Equities - Bundles	Core Flexible Equity (Everest)	-2.82%	8.86%
Easy Equities - Bundles	Core International Portfolio (ZAR)	-4.75%	36.44%
Easy Equities - Bundles	Core International Equity Bundle (USD)	-4.61%	25.65%
Easy Equities - Bundles	Enhanced Conservative (Kilimanjaro)	-3.10%	10.10%
Easy Equities - Bundles	Enhanced Moderate (Denali)	-3.43%	10.65%
Easy Equities - Bundles	Enhanced Balanced (Aconcagua)	-4.16%	7.25%
Easy Equities - Bundles	Enhanced Flexible Equity (Everest)	-5.62%	10.75%
Easy Equities - Bundles	Shariah	-7.43%	11.08%
Easy Equities - Bundles	COVID-19 Bundle (ZAR)	-5.71%	23.56%
Easy Equities - Bundles	COVID-19 Bundle (USD)	1.85%	53.85%
Easy Equities - Bundles	Enhanced USD Bundle	-1.42%	41.66%

All Performance data sourced from Bloomberg on 30 September 2020.

Happy investing!

Disclaimer:

Terms and conditions apply. Emperor Asset Management (Pty) Ltd is an authorised financial services provider (FSP no. 44978). The value of a financial product can go down, as well as up, due to changes in the value of the underlying investments. An investor may not recoup the full amount invested. Past performance is not necessarily an indication of future performance. These products are not guaranteed. Examples are for illustrative purposes only.