



MARKET SUMMARY

As of 2020/06/30

MARKET INDICES (R)

	1 month	3 months	1 year	3 years	5 years	7 years
FTSE/JSE All Share	7.74	23.18	-3.30	5.11	4.16	7.92
FTSE/JSE SA Listed Property	13.41	20.43	-39.98	-18.32	-9.06	-2.51
All Bond Index	-1.18	9.94	2.85	8.11	7.49	7.30
STeFI (Cash)	0.44	1.46	6.86	7.17	7.20	6.81
MSCI World	1.03	15.61	24.54	15.06	12.67	15.17
MSCI EM	5.42	14.08	16.24	9.29	7.93	9.20
Oil Price	14.79	76.04	-23.81	4.42	-1.52	-4.93
Gold Price	0.80	6.91	54.62	23.58	16.66	14.60

MARKET COMMENTARY

June proved to be another positive month for global markets, as investor appetite for risk continued to increase despite concerns around the spread of Covid-19 in emerging markets as well as a new spike in cases in the United States. Emerging market equities were the largest beneficiary of the risk-on environment, benefitting from the unprecedented fiscal stimulus announced by governments and central banks across the globe. Global equity markets (and US technology shares in particular), delivered strong returns during the month, despite continued growth in Covid-19 cases across the globe and the announcement of new lockdown measures in some cases.

South African equities benefitted from the increase in investor risk appetite, with the local equity market delivering strong performance during the month. The positive performance was broad based and largely driven by gold miners and Naspers. Banks, however, continued to underperform the broader market despite ending the month on a better footing. Local bonds ended the month marginally lower after a very strong April and May, as the worsening fiscal position of the country was highlighted in the supplementary budget delivered towards the end of the month. Local listed property rebounded strongly in the month, recovering some lost ground despite continued concerns around rental collections and balance sheet risks posed by ever increasing loan to value ratios. The rand was largely stronger against most major currencies during the month, showing signs of stabilising following a significant depreciation since the beginning of the year.

Finance Minister Tito Mboweni delivered the supplementary budget towards the end of June, providing an update on the state of the country's finances along with government's intentions to reduce debt to a more sustainable level. While the content of the supplementary budget was generally well received, it was rather light on specific details, with many commentators highlighting the fact that implementation risk remains relatively high. The Q1 2020 GDP figure was announced during the month, which showed a 2% decline in growth, deepening the recession in SA following two consecutive quarters of negative growth in the second half of 2019. SA headline CPI fell to a year-on-year figure of 3% to the end of April, its lowest level since June 2005, largely driven by lower fuel and transport prices. In positive news, May's trade balance came in at a surplus of just under R16 billion, as exports dramatically increased by 96% month-on-month, while imports declined by 2% month-on-month.

The **JSE All Share Index** (+7.7%) delivered strong performance during the month, supported by positive returns from large index constituents and resources counters. All local equity sectors delivered strong returns, however, **Resources** (+8.8%) fared better than both **Industrials** (+8.3%) and **Financials** (+4.2%). The top performing shares in June amongst the largest 60 companies on the JSE were Sasol (+46.1%), Harmony Gold (+25.2%) and MultiChoice (+22.8%). The worst performing shares in June were RMB Holdings (-96.9%) following the unbundling of its entire FirstRand stake, Clicks Group (-9.6%) and Life Healthcare (-7.9%).

Listed property (+13.4%) had its best month in over a decade, largely driven by strong performance from Redefine (+72%) following the company entering discussions to sell part of its business. **Local bonds** (-1.2%) ended the month lower, as yields moved higher (moving prices lower) following the announcement of the precarious fiscal position of SA in the supplementary budget. **Cash** delivered a stable return of +0.4% for the month.

The rand was slightly stronger against most major developed market currencies for the month. The rand appreciated against the **pound sterling** (+1.5%), the **US dollar** (+1.5%) and the **euro** (+0.5%) during the month.

*All data is sourced from Morningstar Direct as at 30/06/2020. The performance of South African asset classes is quoted in rands

Returns greater than a year have been annualised. Returns prior to launch date are simulated and based on the underlying funds at the initial weightings and are net of published asset manager fees.
 ©2020 Morningstar. All Rights Reserved. The Morningstar name and logo are registered trademarks of Morningstar, Inc. The information, data, analyses, and opinions contained herein (1) include the proprietary information of Morningstar Inc. and its subsidiaries, (2) may not be reproduced, disseminated or disclosed without our prior written approval, (3) do not constitute investment advice offered by Morningstar, (4) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (5) are not warranted to be correct, complete, or accurate. Morningstar shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. It is important to note that investments in securities involve risk and will not always be profitable. MIM does not guarantee that the results of its investment decisions or the objectives of the portfolio will be achieved. MIM does not guarantee that negative returns can or will be avoided in any of its portfolios. An investment made in a security may differ substantially from its historical performance and as a result, you may incur a loss. Past performance is not a guide to future returns. Market data and statistical information has been obtained from various sources that we consider to be reliable. However, we make no representation as to, and accept no responsibility or liability whatsoever for, the accuracy or completeness of such information. The Morningstar Investment Management group comprises Morningstar Inc.'s registered entities worldwide, including South Africa. Morningstar Investment Management South Africa (Pty) Ltd is an authorised financial services provider (FSP 45679).

