



# What Worked - Australia

## Value and Beta works, while Momentum down yet again

31<sup>st</sup> Mar 2017  
Simon Rigney

### What Worked

*Expensive names sold off*

Value, namely Trailing PER and Dividend Yield, swung back into positive territory this week, although not with quite the same ferocity of the back and forth swings of the last month. The move in value was in large part driven by the more expensive names in the market coming off, although the cheaper names also managed to just outperform the benchmark. Names with bottom of the market forward dividend yields that came off this week included Galaxy Resources (GXY, -10.0%), Bellamy's Australia (BAL, -9.1%) and Resolute Mining (RSG, -3.7%). The other side of this trade, the names in the market with higher forecast Dividend Yields, saw names such as Genworth Mortgage Insurance (GMA, +7.1%), Alumina Limited (AWC, +1.4%) and Seven West Media (SWM, +9.7%) all seeing good returns for the week.

*Some profit taking in the momentum space*

While 12 month momentum was off yet again, this was in large part driven by a sell-off in the better performing names over the last 12 months, while the underperformers got a bit of a reprieve and came through largely in line with the market. OZ Minerals (OZL, -5.0%), Australian Agricultural Company (AAC, -0.3%) and Viva Energy REIT (VVR, -1.2%) were among those best performers over the last 12 months most impacted.

### Who Moved

*Drop in names moving on volume*

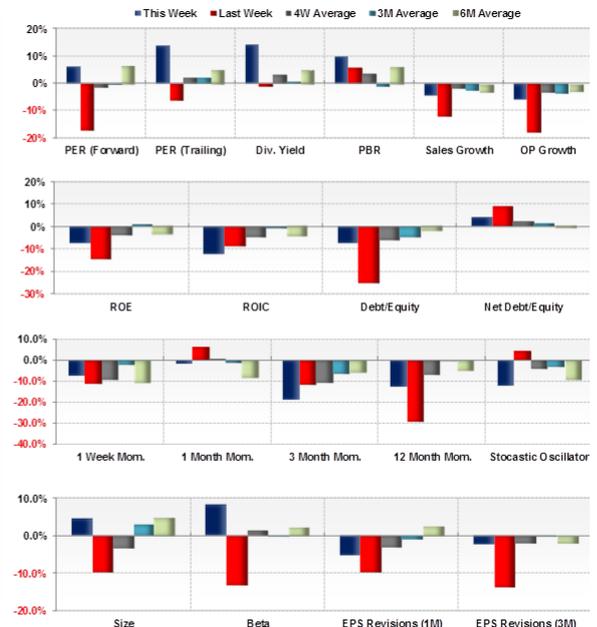
Names moving on significantly higher than normal volumes dropped this week, with only 14 names from the benchmark generating higher than normal volumes. On the positive side, Myer Holdings (MYR, +14.8%), Brickworks (BKW, +3.8%) and Bank Of Queensland (BOQ, +5.7%) all outperformed this week back by volume, while G8 Education (GEM, -2.2%), Trade Me Group (TME, -1.3%) and Nufarm Limited (NUF, -0.7%) all; finished the week lower and well off the benchmark.

### Summary

ASX 200, Week Ending 31 Mar 2017

Signal	2.2%		-0.8%		2.6%		2.2%		8.2%	
	IC	Spread	IC	Spread	IC	Spread	IC	Spread	IC	Spread
<b>Value &amp; Growth</b>										
PER (Forward)	6.0%	0.4%	-17.2%	-1.0%	-1.7%	1.4%	-0.1%	3.8%	6.6%	10.2%
PER (Trailing)	13.6%	1.4%	-6.3%	0.1%	1.9%	2.9%	2.1%	5.0%	5.0%	12.3%
Div. Yield	14.0%	1.5%	-1.2%	-0.5%	3.1%	0.2%	0.5%	0.9%	4.9%	1.9%
PBR	9.9%	1.0%	5.6%	0.2%	3.5%	0.7%	-1.1%	1.2%	5.9%	10.4%
Sales Growth	-4.6%	0.2%	-12.1%	-3.2%	-2.1%	-2.4%	-2.6%	-4.5%	-3.1%	-8.6%
OP Growth	-6.0%	-0.1%	-18.1%	-3.0%	-3.5%	-2.0%	-3.9%	-5.1%	-2.8%	-8.1%
<b>Quality</b>										
ROE	-7.3%	-1.3%	-14.6%	-0.4%	-3.9%	-0.3%	1.0%	-1.6%	-3.2%	-7.0%
* ROIC	-12.3%	-0.9%	-8.7%	-1.1%	-4.7%	-0.4%	-0.5%	0.1%	-4.2%	-9.3%
* Debt/Equity	-7.3%	-1.0%	-25.4%	-2.4%	-6.2%	-1.7%	-4.6%	-7.4%	-2.2%	-7.9%
* Net Debt/Equity	4.4%	1.5%	9.1%	0.1%	2.6%	0.8%	1.6%	1.3%	-0.9%	-1.5%
<b>Momentum &amp; Technical</b>										
1 Week Mom.	-7.3%	-0.6%	-11.4%	-3.4%	-9.6%	-7.6%	-2.5%	-10.0%	-10.3%	-20.2%
1 Month Mom.	-1.9%	-0.7%	6.2%	-1.8%	0.5%	-4.2%	-1.3%	-6.9%	-7.8%	-13.1%
3 Month Mom.	-19.0%	-1.9%	-12.1%	-3.5%	-10.7%	-7.2%	-6.5%	-13.0%	-5.7%	-20.9%
12 Month Mom.	-13.0%	-1.6%	-29.4%	-5.0%	-6.9%	-6.2%	-0.4%	-2.9%	-4.7%	-5.6%
Stochastic Oscillator	-12.3%	-1.3%	4.1%	-1.7%	-4.3%	-5.4%	-3.3%	-5.5%	-8.8%	-9.4%
<b>Other</b>										
Size	4.7%	0.0%	-9.8%	-2.4%	-3.4%	-3.9%	3.0%	-0.7%	4.6%	2.1%
Beta	8.2%	0.5%	-13.3%	-2.9%	1.3%	-1.6%	-0.1%	-1.3%	2.2%	2.2%
EPS Revisions (1M)	-5.2%	-0.7%	-9.7%	-1.4%	-3.0%	-1.8%	-1.1%	-0.3%	2.6%	1.4%
EPS Revisions (3M)	-2.3%	-0.2%	-13.8%	-2.9%	-2.0%	-3.4%	-0.2%	-4.1%	-1.7%	-9.6%

\* ex Financials  
 \* Compound weekly spread return over the specified period  
 Spread is defined as the Long/Short return of the quintiles (i.e. top 20% - bottom 20%, equal weighted)





## Important Disclosures:

This material was prepared for you and is for your information and use only. This material should only be distributed to other members of that organization on a need to know basis and should not be distributed or disseminated to any other person or entity.

This material is for information purposes only and it should not be regarded as an offer to sell or as a solicitation of an offer to buy the securities or other instruments mentioned in it. This material is based on current public information that Custom Products Group Limited ("Custom Products") considers reliable, but we make no representation that it is accurate or complete, and it should not be relied on as such. No investment opinion or advice is provided, intended, or solicited. Custom Products offers no warranty, either expressed or implied, regarding the veracity of data or interpretations of data included in this report. This material is provided with the understanding that Custom Products is not acting in a fiduciary capacity. Opinions expressed herein reflect the opinion of Custom Products and are subject to change without notice.

The products mentioned in this document may not be eligible for sale in some states or countries, and they may not be suitable for all types of investors. The value of and the income produced by products may fluctuate, so that an investor may get back less than they invested. Value and income may be adversely affected by exchange rates, interest rates, or other factors. Past performance is not necessarily indicative of future results. If a product is income producing, part of the capital invested may be used to pay that income. © 2016 Custom Products Group Limited. All rights reserved.

## Contacts

### Hong Kong

Simon Rigney

+852-3958-2394 (HK)  
+81-3-5786-3712 (Tokyo)  
simon.rigney@custprd.com

### Salt Lake City

Patrick Hansen

+852-8191-6925 (HK)  
+1-801-230-4796 (SLC)  
patrick.hansen@custprd.com

### Tokyo

Robert Rowland

+81-3-5786-3711  
robert.rowland@custprd.com

Michael Newman

+81-3-5786-3713  
michael.newman@custprd.com

## Office Locations

### Hong Kong

15/F Langham Place  
8 Argyle Street  
Mong Kok, Kowloon  
Hong Kong S.A.R.

### Tokyo

17/F Roppongi Hills North Tower  
6-2-31 Roppongi,  
Minato-ku, Tokyo  
Japan 106-0032

### Salt Lake City

299 South Main Street  
Suite 1300  
Salt Lake City, UT  
United States, 84111