

Economic rebound surprise for investors

THE year 2010 started off with most global stock markets delivering negative returns in January.

According to Dr Prieur du Plessis, Plexus group chairperson, nervousness returned to financial markets as scepticism about the sustainability of the economic recovery and the new bull market resurfaced.

"However, this was short-lived and global markets experienced a strong rebound during the latter half of the quarter. The overall sentiment of global investors once again improved and, with the exception of China, most major stock market indices delivered reasonable returns for the quarter," says Du Plessis.

"Not surprisingly, the best-performing unit trust sectors over the quarter were those that benefit from lower short-term interest rates."

The domestic equity-financial sector was ranked first with an average return of 10,2%. The second-best sector was the domestic real estate-general category with 8,3%.

The worst-performing sectors were the foreign fixed-interest-varied specialist and the foreign fixed-interest-bond categories with -3,8% and -1,2%, respectively.

"This was due to higher mature-market bond yields [with corresponding lower capital values], extremely low money-market rates and the relative strength of the South African rand against other major international currencies."

Over 12 months, the best-performing

sectors were the domestic equity-financial and domestic equity-value sectors with 55,7% and 52,3%, respectively.

As was the case over the quarter, the worst-performing sectors over the 12-month period were the foreign fixed-interest-varied specialist and the foreign fixed-interest-bond categories with returns of -18,5% and -10,7%, respectively. The three-year and five-year charts are topped by the domestic fixed-interest-money market and domestic equity-resources and basic industries sectors with 9,9% and 22,9%, respectively, per annum.

The best-performing fund over the last quarter was the Grindrod Global Property Income Fund with a return of 11,9%, followed by the Coronation Financial Fund with 11,7%. The worst fund over this period was the Prescient Global Income Feeder Fund A1 with -7,4%.

The best-performing fund over the past 12 months was the RMB Small/Mid-Cap Fund A with a return of 63,8%. Over the last three years it was the Cadiz Equity Ladder Fund with 19,4% per annum, and over the last five years it was the Old Mutual Mining & Resources Fund A with 26,5% per annum.

Du Plessis says the strong recovery in global equity prices since the lows of March 2009 has been nothing less than astounding, and many investment professionals were surprised by the magnitude of the rally. WW Reporter.

