



# What Worked - Australia

## Size the flavour for the end of the year

23<sup>rd</sup> Dec 2016  
Simon Rigney

### What Worked

**Small Caps hurt this week**

Size came in with a strong IC this week, largely driven by a sell-off in the smaller end of the market rather than a buy into the larger cap names. OFX Group (OFX, -5.7%), Virtus Health (VRT, -1.5%) and Japara Health (JHC, -4.8%) all taking a hit this week, while their larger brethren largely stayed inline with the market.

**Mid-term momentum still hurting**

The end of year momentum sell-off slowed this week, with the mid-term momentum signals still felling the sting, but the longer term stabilizing. In the 3-month momentum quintiles, there was a sell-off in the worst performing names, but the IC was largely driven by a reversal in the best performers over the last 3 months. Among the best performers over the last 3 months that took a hit this week were Galaxy Resources (GXY, -3.9%), SIMS Metal Management (SGM, -3.3%) and Origin Energy (ORG, -1.5%).

### Who Moved

**Nothing special volume wise**

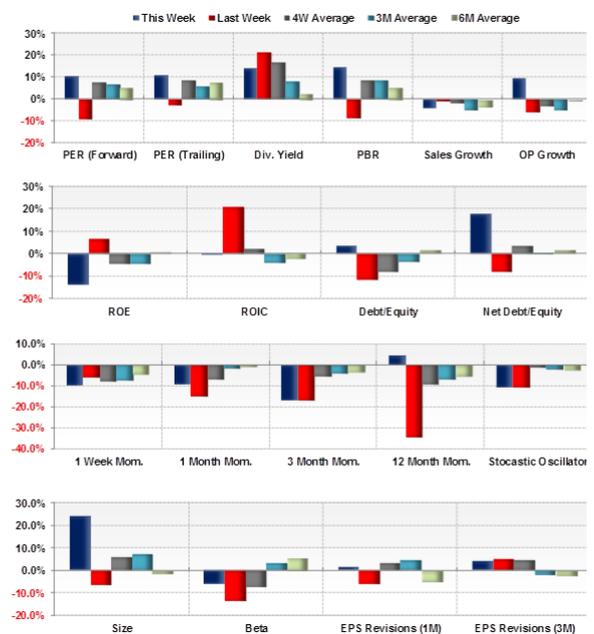
12 names managed to move on very strong volumes this week. Finishing the week in the black included Mayne Pharma (MYX, +6.2%), Independence Group (IGO, +3.5%) and Iron Mountain (INM, +3.4%), while Sydney Airport (SYD, -6.4%), Flexigroup Limited (FXL, -5.6%) and Seven West Media (SWM, -1.8%) all finished up lower.

### Summary

ASX 200, Week Ending 23 Dec 2016

Signal	Index Return: 2.0%		-0.5%		2.5%		3.8%		10.4%	
	This Week	Last Week	4W Average	3M Average	6M Average	IC	Spread	IC	Spread	
<b>Value &amp; Growth</b>										
PER (Forward)	10.3%	0.4%	-9.5%	-1.6%	7.7%	0.7%	6.8%	2.5%	5.3%	7.4%
PER (Trailing)	10.6%	0.8%	-3.1%	-0.9%	8.3%	1.7%	5.6%	3.8%	7.7%	10.2%
Div. Yield	0.7%	2.3%	2.3%	16.5%	6.6%	8.0%	4.0%	2.4%	0.5%	
PBR	14.3%	1.1%	-8.9%	-0.9%	8.5%	1.8%	8.3%	10.4%	5.3%	30.4%
Sales Growth	-4.4%	0.1%	-1.0%	-0.9%	-2.1%	-1.5%	-5.1%	-5.1%	-3.6%	-11.5%
OP Growth	9.5%	0.9%	-6.3%	-1.2%	-3.6%	-2.2%	-5.4%	-4.5%	-0.3%	-2.6%
<b>Quality</b>										
ROE	-14.1%	-0.8%	6.6%	-0.7%	-4.4%	-1.0%	-4.7%	-6.9%	0.2%	-16.7%
* ROIC	-0.2%	-0.1%	20.8%	0.7%	2.0%	-1.6%	-4.1%	-9.0%	-2.2%	-20.4%
* Debt/Equity	3.5%	-0.2%	-11.6%	-1.2%	-8.1%	-3.9%	-3.7%	-1.2%	1.3%	1.1%
* Net Debt/Equity	17.9%	1.0%	-7.9%	-0.5%	3.6%	1.2%	0.5%	-1.8%	1.1%	1.4%
<b>Momentum &amp; Technical</b>										
1 Week Mom.	-10.0%	-0.9%	-6.3%	-1.1%	-8.1%	-4.2%	-7.6%	-10.4%	-4.3%	-8.8%
1 Month Mom.	-9.4%	-1.1%	-15.0%	-1.2%	-6.9%	-1.2%	-1.7%	-3.3%	-1.1%	0.3%
3 Month Mom.	-17.3%	-1.2%	-17.0%	-1.7%	-5.6%	-0.1%	-4.2%	-6.5%	-3.1%	-7.3%
12 Month Mom.	4.5%	0.7%	-34.5%	-4.1%	-9.7%	-3.3%	-6.9%	-3.7%	-5.0%	-9.4%
Stochastic Oscillator	-10.7%	-1.4%	-11.1%	-0.9%	-1.6%	0.4%	-2.1%	1.5%	-2.3%	1.7%
<b>Other</b>										
Size	24.2%	2.2%	-6.5%	-0.9%	6.1%	2.0%	7.3%	5.6%	-1.1%	-6.9%
Beta	-6.0%	-0.7%	-13.5%	-1.0%	-7.2%	-3.7%	3.2%	3.5%	5.4%	13.2%
EPS Revisions (1M)	1.3%	-0.1%	-6.1%	-0.5%	3.4%	0.4%	4.5%	4.4%	-4.7%	0.3%
EPS Revisions (3M)	4.2%	0.1%	5.1%	0.4%	4.5%	1.4%	-2.0%	-3.3%	-1.9%	-3.5%

\* 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)





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