



# What Worked - Australia

## Disastrous week for Div Yield, Size hurt

12<sup>th</sup> May 2017  
Simon Rigney

### What Worked

*Horrible week for Div. Yield*

This week saw the worst week in our tracked history for Dividend Yield, after having spent the last month in positive territory. While the higher yielding names stayed largely in line with market, it was low div yield names that jumped significantly, with the bottom quintile (i.e. 20%) of the market measured by Div. Yield provided +3.9% of outperformance. Australian Agricultural Company (AAC, +12.6%), Galaxy Resources (GXY, +17.1%) and Syrah Resources (SYR, +10.1%) all finished up in a big way this week, and all with forecast FY1 dividend yields of zero. The other side of that trade saw some of the higher yielding names underperform, including Genworth Mortgage Insurance (GMA, -1.3%), Harvey Norman Holdings (HVN, -8.5%) and Myer Holdings (MYR, -14.9%) all finishing well off the benchmark.

*Smaller names running*

Size was also hurt this week, in large part caused by a rally in the smaller end of the market. The larger end of the market was all but flat to the benchmark (as one would expect from a cap-weighted index), while small cap names surged +2.4% higher than the ASX 200. The smallest names in the benchmark this week included iSentia (ISD, +0.3%), OFX Group (OFX, +0.3%) and Virtus Health (VRT, +0.7%), all-in-all only 8 names from the smallest 20% of the market posted losses this week. The larger end of town was a mixed bag however, and the losses seemed to be focused on the banks. Commonwealth Bank (CBA, -3.4%), Westpac (WBC, -3.9%) and ANZ (ANZ, -4.9%) all finished the week lower.

### Who Moved

*Financials hurt on volume*

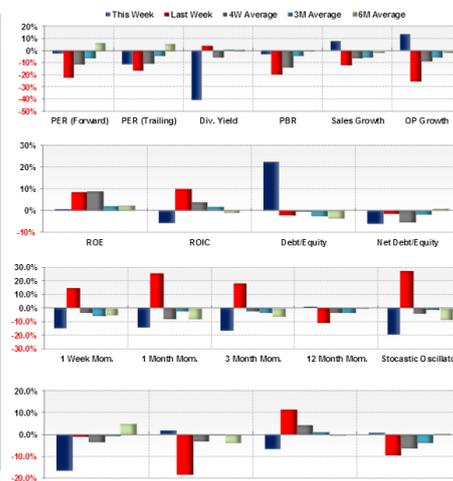
Good week for names moving on volume this week, with 26 names managing to move on significantly higher than normal volumes. In contrast to other weeks, there was a clear focus on financials this week, namely the banks, and not in a good way. Aside from the retail banks, CSR Limited (CSR, -13.7%), Super Retail Group (SUL, -9.2%) and Macquarie Group (MQG, -2.5%) all finished lower this week on the back of strong volumes. On the other side, Magellan Financial (MFG, +6.6%), Eclix Group (ECX, +7.7%) and Boral Limited (BLD, +4.0%) all finished higher.

### Summary

ASX 200 - Week Ending 12 May 2017

Signal	Index Return: -0.1%		-1.5%		-1.0%		0.5%		8.6%	
	This Week	Last Week	4W Average	3M Average	6M Average	IC	Spread	IC	Spread	
<b>Value &amp; Growth</b>										
PER (Forward)	-2.5%	-1.0%	-22.8%	-3.8%	-11.2%	-7.9%	-6.6%	-9.6%	6.7%	-2.8%
PER (Trailing)	-11.4%	-1.1%	-16.5%	-2.6%	-10.8%	-5.1%	-4.5%	-5.5%	6.1%	1.5%
Div. Yield	-41.2%	-4.1%	4.1%	0.2%	-5.7%	-2.2%	0.2%	-0.8%	1.1%	2.5%
PBR	-3.3%	-0.4%	-19.7%	-2.1%	-14.0%	-5.2%	-4.5%	-4.7%	0.4%	-2.5%
Sales Growth	8.1%	0.3%	-11.8%	-1.8%	-8.3%	-2.2%	-5.8%	-8.5%	-1.4%	-12.4%
OP Growth	13.6%	1.2%	-25.4%	-4.9%	-9.1%	-5.8%	-5.7%	-9.9%	-1.3%	-13.8%
<b>Quality</b>										
ROE	0.6%	0.2%	8.5%	1.3%	8.9%	1.8%	2.1%	-0.1%	2.0%	-0.1%
* ROIC	-5.8%	-0.6%	10.0%	2.3%	3.7%	1.0%	1.5%	3.1%	-1.1%	-0.2%
* Debt/Equity	22.2%	2.4%	-2.3%	-0.3%	-0.6%	0.7%	-2.8%	-1.9%	-3.6%	-8.4%
* Net Debt/Equity	-6.3%	-1.1%	-1.7%	-0.2%	-5.4%	-1.4%	-1.9%	-3.1%	0.7%	-2.3%
<b>Momentum &amp; Technical</b>										
1 Week Mom.	-14.9%	-1.7%	14.6%	1.7%	-3.6%	-2.5%	-5.9%	-13.3%	-5.0%	-19.1%
1 Month Mom.	-14.3%	-1.7%	25.2%	3.6%	-8.0%	-1.2%	-2.7%	-8.3%	-7.7%	-12.9%
3 Month Mom.	-17.0%	-2.2%	18.3%	3.3%	-2.3%	0.0%	-3.8%	-8.9%	-5.7%	-14.8%
12 Month Mom.	1.0%	-0.3%	-11.2%	-1.5%	-3.9%	-3.2%	-3.7%	-8.2%	0.4%	-8.8%
Stochastic Oscillator	-19.7%	-2.8%	27.0%	3.9%	-4.3%	-1.0%	-1.4%	-5.2%	-7.9%	-11.7%
<b>Other</b>										
Size	-16.6%	-1.9%	-1.0%	-1.1%	-3.5%	-3.9%	-0.6%	-4.6%	4.5%	-0.4%
Beta	1.8%	-0.1%	-18.3%	-2.1%	-3.1%	-2.0%	-0.2%	-2.0%	-3.6%	-5.5%
EPS Revisions (1M)	-6.8%	-1.0%	11.5%	2.0%	4.1%	1.9%	1.0%	-0.3%	-0.4%	-0.4%
EPS Revisions (3M)	0.8%	0.3%	-9.7%	-1.6%	-6.5%	-1.8%	-3.8%	-7.7%	0.5%	-11.6%

\* 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)





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