



What Worked - Australia

Value Punished & Profitability still strong

23rd Jun 2017
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What Worked

Value sold off hard

Value, in all its forms that we cover, was sold off this week. Of the Value signals, PBR was hit the hardest. In what has been a solid month of outperformance for the most expensive names in the market on a PBR basis, it was the cheaper side of the market that underperformed this week. Amongst the cheapest names on a PBR basis that finished lower was Santos Limited (STO, -3.5%), Myer Holdings (MYR, -4.39%) and Aveo Group (AOG, -4.2%). High Dividend Yield names were also hit this week, amongst the highest in the market that finished lower was Cromwell Property (CMW, -2.4%), Harvey Norman Holdings (HVN, -4.4%) and Retail Food Group (RFG, -9.7%), only making them more attractive on a pure yield basis.

Profitable names still working

The profitability measures also returned strong numbers this week. While ROE was the clear outperformer on the back of a sell-off in PBR, ROIC has managed to continue along for another week in the positive. The big difference this week however was in the quintile performance. While last week saw low ROIC names being sold off, this week saw a surge into High ROIC names, while the low ROIC basket remained flat to the market. High ROIC names doing well this week includes the names that managed market outperformance last week despite a flat result for High ROIC names. Bellamy's Australia (BAL, +8.9%), a2 Milk (A2M, +5.4%) and St. Barbara (SBM, +4.2%).

Who Moved

Couple of big moves on volume

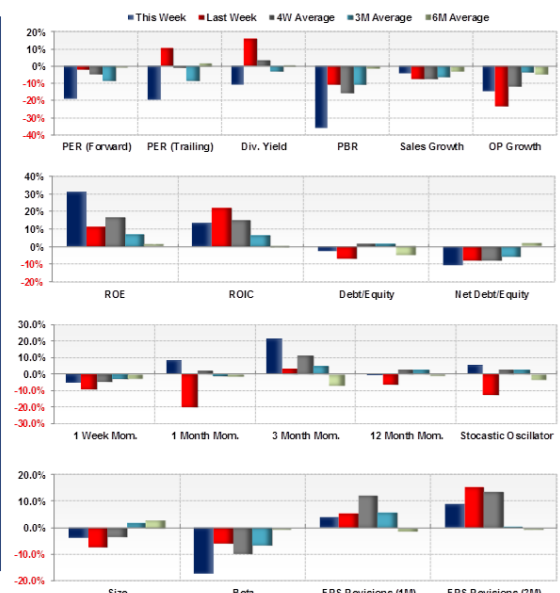
Some good volumes this week, with almost 10% of the benchmark moving on significantly higher than normal volumes. On the positive side Navitas (NVT, +6.1%), Regis Resources (RRL, +5.2%) and Sydney Airport (SYD, +3.1%) all finished the week positive despite a down market. On the other side, QBE Insurance (QBE, -10.2%), Vicinity Centres (VCX, -5.7%) and Tassal Group (TGR, -5.3%) all finished lower on the back of strong volume.

Summary

ASX 200, Week Ending 23 Jun 2017

Signal	This Week		Last Week		4W Average		3M Average		6M Average	
	IC	Spread	IC	Spread	IC	Spread	IC	Spread	IC	Spread
Value & Growth										
PER (Forward)	-19.3%	-1.3%	-2.0%	-0.5%	-4.6%	0.6%	-8.8%	-10.4%	-0.1%	-3.6%
PER (Trailing)	-19.5%	-1.7%	10.4%	0.2%	-1.0%	0.6%	-8.4%	-9.7%	2.1%	-2.3%
Div. Yield	-10.9%	-1.3%	15.9%	1.9%	3.3%	1.3%	-3.0%	-5.2%	0.5%	-7.1%
PBR	-35.8%	-2.1%	-10.7%	-1.0%	-15.9%	-2.7%	-10.5%	-8.1%	-1.1%	-8.2%
Sales Growth	-4.1%	-1.2%	-7.6%	-0.9%	-7.3%	-3.7%	-6.5%	-9.0%	-2.6%	-12.4%
OP Growth	-14.7%	-0.9%	-23.2%	-2.8%	-11.7%	-4.4%	-3.8%	-6.5%	-3.9%	-10.0%
Quality										
ROE	31.0%	1.8%	11.5%	0.5%	15.9%	3.1%	7.2%	5.1%	1.0%	5.1%
* ROIC	13.7%	1.7%	21.9%	0.8%	15.2%	3.9%	6.3%	3.9%	-0.5%	3.5%
* Debt/Equity	-2.6%	-0.2%	-6.7%	-1.4%	1.7%	0.2%	1.5%	3.0%	-4.6%	-4.0%
* Net Debt/Equity	-10.4%	-0.5%	-7.7%	-0.9%	-8.2%	-2.9%	-5.6%	-7.7%	1.6%	-7.3%
Momentum & Technical										
1 Week Mom.	-5.6%	-0.1%	-9.6%	-0.3%	-4.5%	-2.4%	-3.0%	-5.1%	-2.5%	-15.4%
1 Month Mom.	8.1%	1.0%	-20.4%	-1.3%	2.3%	0.0%	-1.6%	-1.3%	-1.3%	-11.3%
3 Month Mom.	21.5%	1.8%	3.4%	0.5%	11.0%	1.6%	4.8%	5.4%	-6.5%	-10.9%
12 Month Mom.	-0.2%	-0.6%	-6.5%	-0.3%	2.5%	0.0%	2.7%	2.6%	-0.4%	0.6%
Stochastic Oscillator	5.3%	0.4%	-12.8%	-0.7%	2.7%	0.8%	2.7%	2.2%	-3.3%	-8.7%
Other										
Size	-3.8%	-1.0%	-7.6%	0.4%	-3.5%	-1.4%	1.8%	1.5%	3.0%	-1.8%
Beta	-17.3%	-2.1%	-6.1%	-1.3%	-9.8%	-5.4%	-6.6%	-9.2%	-0.1%	-10.4%
EPS Revisions (1M)	4.0%	0.5%	5.3%	1.1%	11.9%	4.1%	5.8%	4.4%	-1.1%	1.4%
EPS Revisions (3M)	9.0%	1.3%	15.3%	1.8%	13.6%	5.1%	0.2%	-2.8%	-0.2%	-9.1%

* 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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