FORESIGHT GLOBAL EQUITY MARKET FACTOR PREMIUM REVIEW

31.03.2018

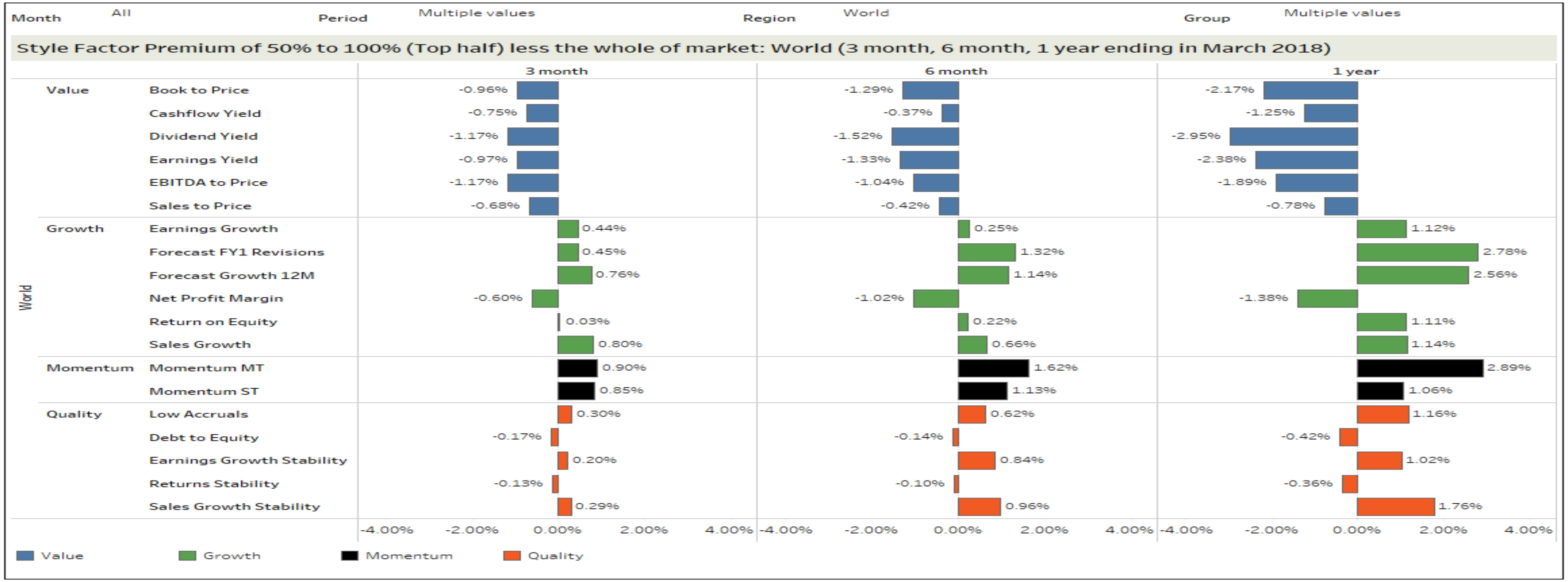
A report prepared for Foresight clients

Foresight Analytics™

consulting + analytics

Growth, Momentum & Quality factors drive world equity market returns….

- High level of persistence in Growth, Momentum and Quality factor premiums over 3, 6 and 12 month periods to 31.3.18
- Value factors underperform, high level of persistence over time periods and across factors
- Medium-term Momentum recorded the highest positive premium over the 12-month period followed by Forecast FY 1 revisions followed by Forecast Growth 12 months.



Returns of regional factors are in USD while returns of individual countries' factors are in the local currencies.
Source: Foresight Analytics and Style Research

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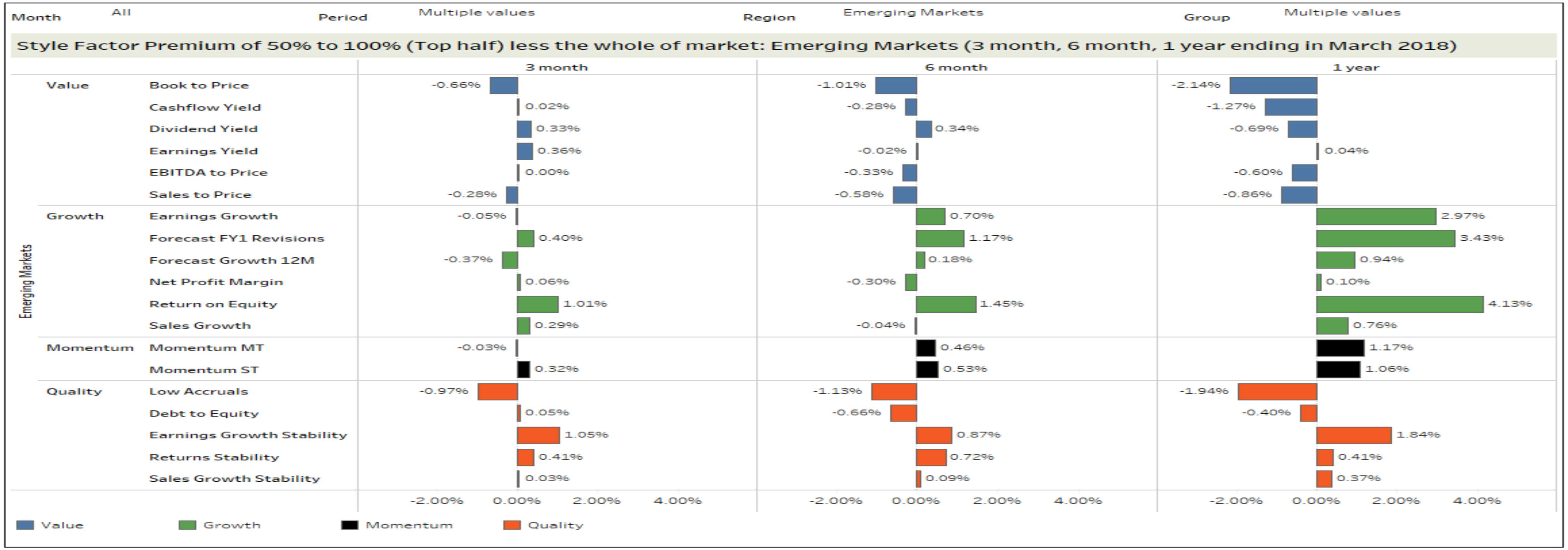
Emerging market equities trends similar to world equities

- High level of persistence in Growth, Momentum and Quality factor premiums over 3, 6 and 12 month periods to 31.3.18
- ROE, Forecast FY1 Revisions and Earnings Growth produce highest premiums over 12 and 6 months
- Value factors underperform consistently over12 months, 3 and 6-month drawdowns much smaller and mixed
- Medium and Short-term Momentum factors deliver positive return premiums
- Earnings growth stability deliver strong positive returns within quality segment



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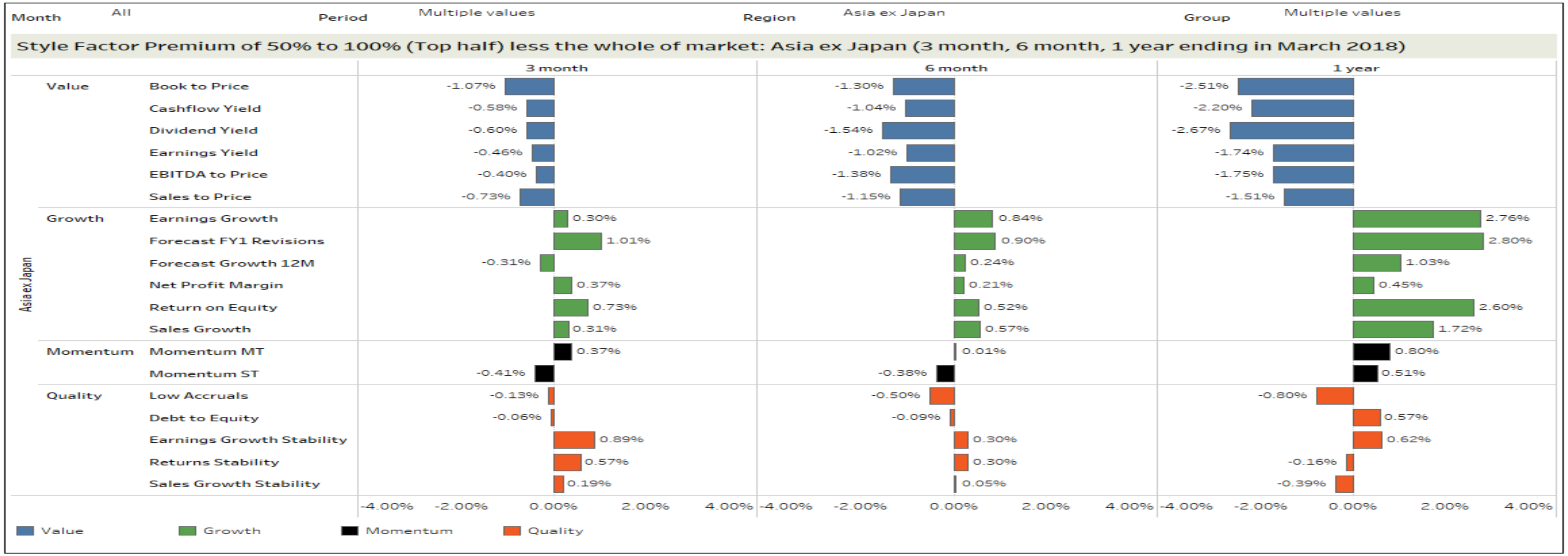
As was the evidence from Asian equities markets

- High level of persistence in Growth, Momentum and Quality factor premiums over 3, 6 and 12-month periods to 31.3.18.
- ROE, Forecast FY1 Revisions, Earnings Growth and Sales Growth produce highest premiums over 12 and 6 months.
- Value factors underperform consistently over12, 6 and 3 months, Dividend yield and Book yield amongst the worst performers.
- Earnings and Returns stability amongst the best performers within quality.



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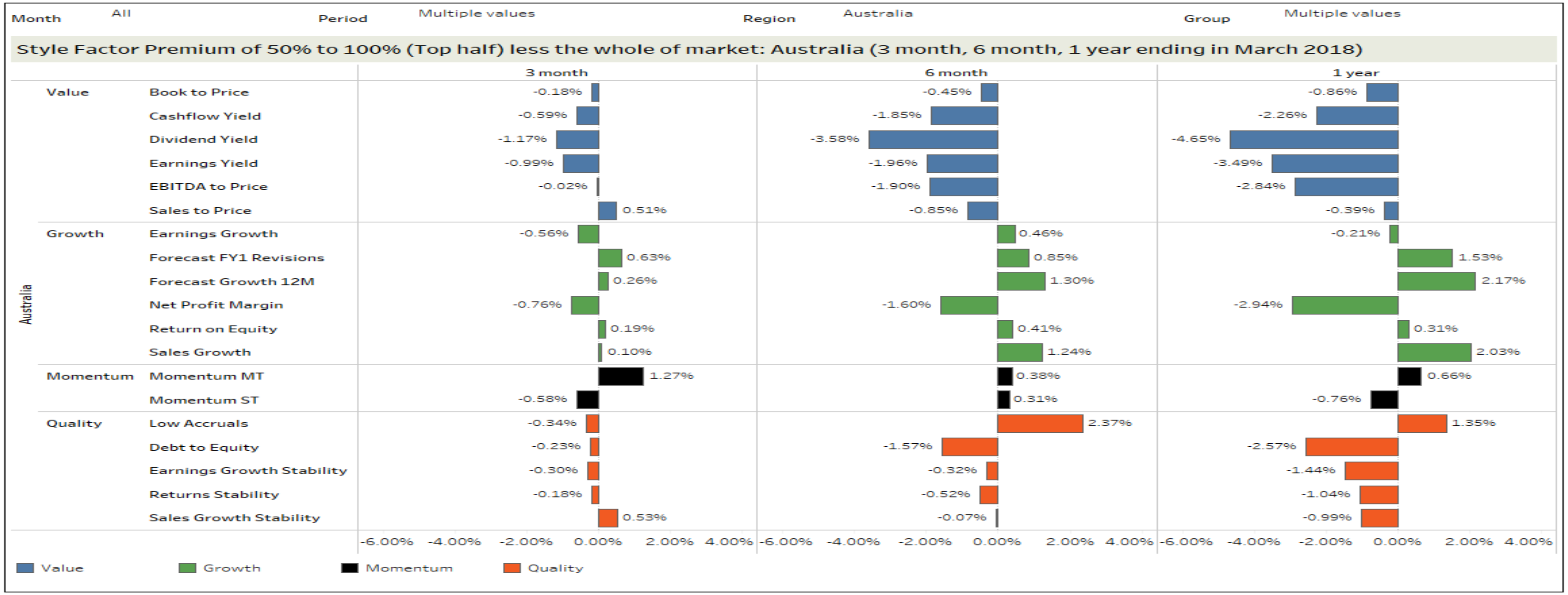
And the Australian equity market

- Growth and Momentum factors outperform over various time periods.
- Forecast 12 m Growth, Forecast FY1 revisions and Sales Growth amongst strongest performers.
- Value factor underperformance highly consistent across time and factor types, Dividend yield was the worst performer.
- Quality factors generally underperform, Debt to Equity experienced largest drawdowns.



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