

Question 2

Jonathan Rossouw¹

Abstract

This paper investigates the performance of the ALSI and SWIX indices.

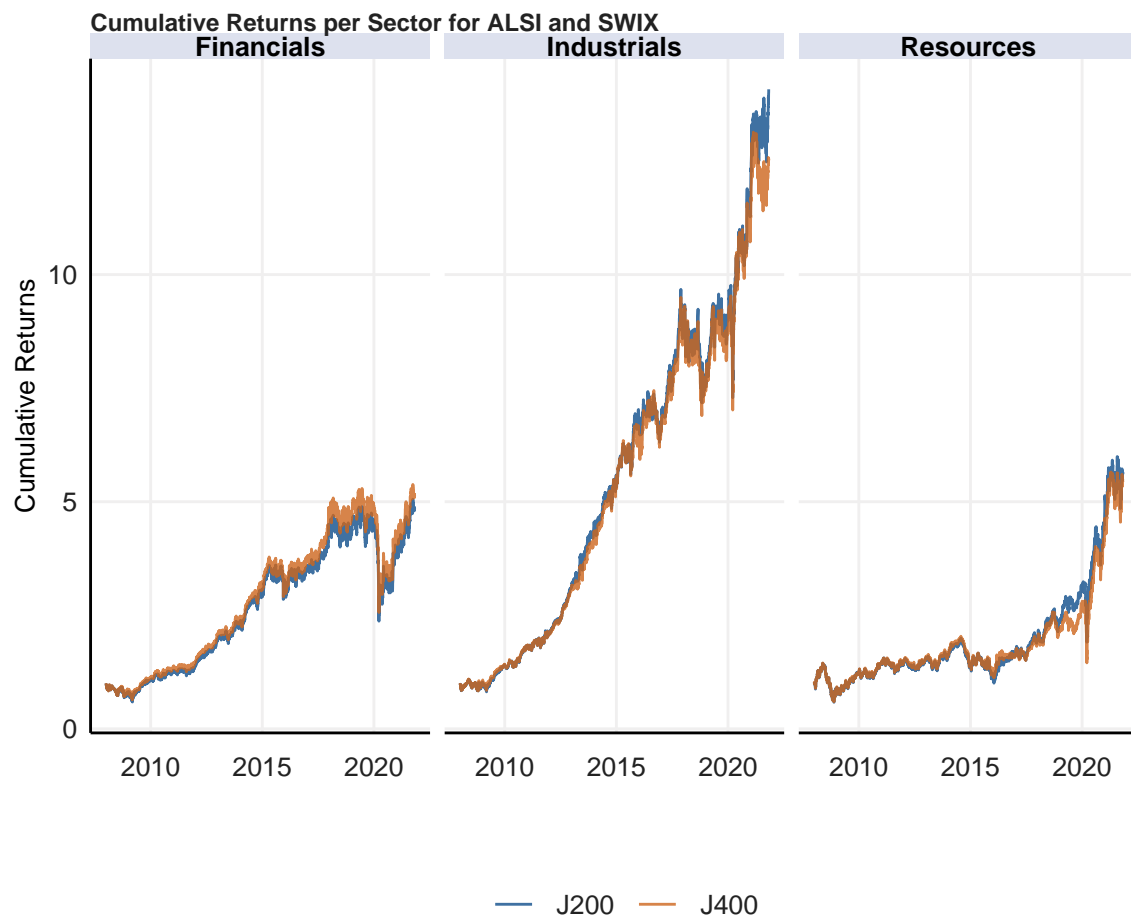
1. Introduction

This document analyses the performance of the ALSI and SWIX indices since 2008. They are analysed along the lines of general performance and performance during volatility. Furthermore, the effects of including capping on the weights is investigated.

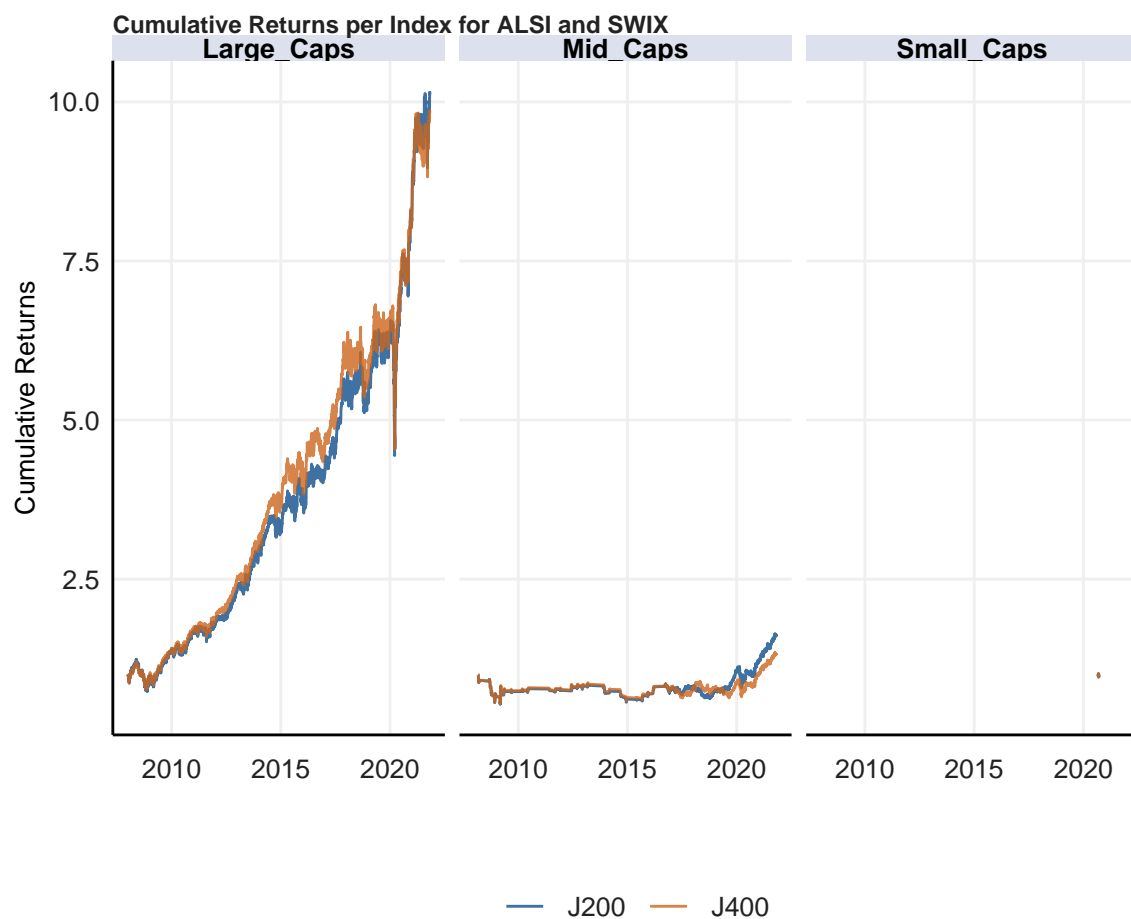
1.1. Sector and Index Analysis

Compare the performance for the different sector for the ALSI and SWIX. J200 refers to ALSI and J400 to SWIX. Both the ALSI and SWIX indices track each other closely. Clearly industrials were the best performing sector having grow by 1400%. Recently resources has begun to output perform financials.

Email address: 20858345@sun.ac.za (Jonathan Rossouw)



When comparing the returns of the different cap shares, ALSI and SWIX track closely with ALSI potentially slightly ahead. The Small Caps index is a new index thus does not have the small historic data. The large caps substantially outperformed the mid caps.



1.2. Volatility Analysis

The performance during low and high USD ZAR volatility is very similar. The SWIX is very slightly more risky.

Table 1.1: Performance of ALSI and SWIX during high USD ZAR Volatility

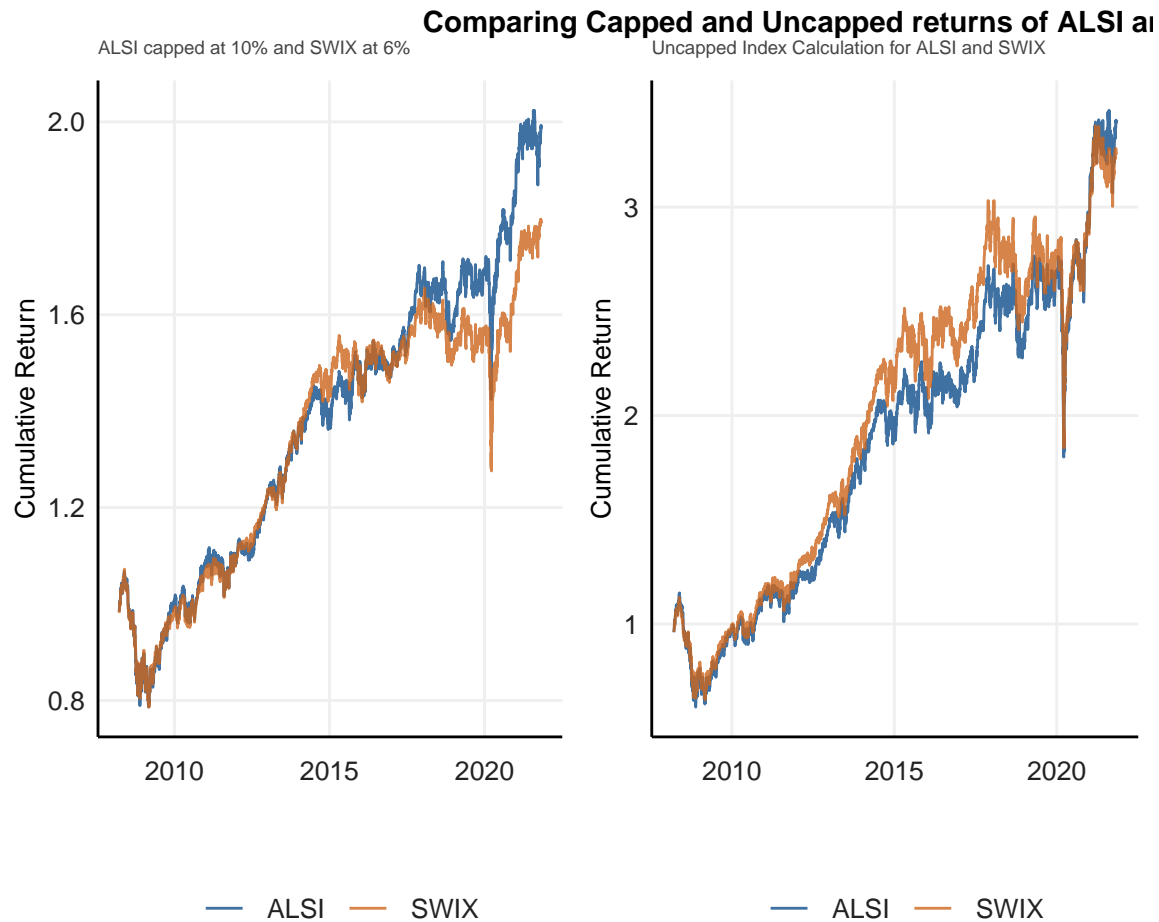
Tickers	SD	Full_SD	Period	Ratio
J200	0.28782	0.19402	High_Vol	1.48344
J400	0.28619	0.19375	High_Vol	1.47710

Table 1.2: Performance of ALSI and SWIX during low USD ZAR Volatility

Tickers	SD	Full_SD	Period	Ratio
J400	0.15356	0.19375	Low_Vol	0.79255
J200	0.15113	0.19402	Low_Vol	0.77893

1.3. Capped compared to Uncapped Performance

From the figure, it can be seen that the uncapped performance of the ALSI and SWIX indices outperforms the capped performance. The ALSI is capped at 10% and the SWIX at 6%.



2. Conclusion

From the results, the ALSI and SWIX are very similar in terms of performance. However, the ALSI offers slightly less volatility and greater performance.

References

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