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## A consensus view of the market over the next 12 months

Compiled by: Glacier Research

The Bull & Bear report collates the performance expectations of leading South African Asset Managers over the coming 12 months. Asset Managers are asked to comment on the expected performance for various asset classes and index sectors; currency levels; commodity prices and the performance of selected global markets. These viewpoints are subject to change in line with changes in economic and market conditions.

### About the survey

Glacier Research conducted the survey between 08 May 2018 and 15 June 2018. Seven asset management houses participated in the survey. In all cases the responses were given in consultation with the chief investment officers, strategists or a fund manager who is a member of the company's asset allocation committee.

### About Glacier Research

Glacier Research is an independent research division within Glacier. Glacier provides innovative investment services and products, which enable our clients to manage their diverse investment needs via a single service point.

### Asset management companies who participated in the survey

- Bateleur Capital
- Coronation Fund Managers
- Investec Asset Management
- Laurium Capital
- Old Mutual Investment Group (Macro Solutions)
- Sanlam Investments
- Stanlib Asset Management

Glacier Financial Solutions (Pty) Ltd, | A member of the Sanlam Group | Private Bag X5 | Tyger Valley 7536 | Email: client.services@glacier.co.za  
Tel +27 21 917 9002 | Fax +27 21 947 9210 | Web www.glacier.co.za | Reg No 1999/025360/07 | Licensed Financial Services Provider

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## LOCAL ASSET CLASSES:

Expected performance over next 12 months

| Asset    | Below 7.00% | 7.00% - 7.50% | 7.51% - 8.00%  | 8.01% - 8.50%   | Above 8.50%  |
|----------|-------------|---------------|----------------|-----------------|--------------|
| Cash     | 4/7         | 3/7           | 0/7            | 0/7             | 0/7          |
|          | Below 7.00% | 7.00% - 8.00% | 8.01% - 9.00%  | 9.01% - 10.00%  | Above 10.00% |
| Bonds    | 1/7         | 1/7           | 5/7            | 0/7             | 0/7          |
|          | Below 8.00% | 8.01% - 9.00% | 9.01% - 10.00% | 10.01% - 11.00% | Above 11.00% |
| Property | 3/7         | 2/7           | 1/7            | 1/7             | 0/7          |
|          | Below 7.00% | 7.00% - 8.00% | 8.01% - 9.00%  | 9.01% - 10.00%  | Above 10.00% |
| Equity   | 0/7         | 0/7           | 1/7            | 1/7             | 5/7          |

## LOCAL SECTOR CLASSES:

Expected performance over next 12 months

| Asset       | Negative | 0% - 5% | 5.01% - 10% | 10.01% - 15% | Above 15% |
|-------------|----------|---------|-------------|--------------|-----------|
| Resources   | 0/7      | 1/7     | 4/7         | 2/7          | 0/7       |
| Financials  | 1/7      | 1/7     | 2/7         | 3/7          | 0/7       |
| Industrials | 1/7      | 0/7     | 2/7         | 4/7          | 0/7       |
| Small Caps  | 0/7      | 1/7     | 4/7         | 2/7          | 0/7       |
| Mid Caps    | 1/6      | 0/6     | 1/6         | 3/6          | 1/6       |
| Large Caps  | 0/6      | 0/6     | 4/6         | 2/6          | 0/6       |
| Value       | 0/6      | 0/6     | 3/6         | 3/6          | 0/6       |
| Growth      | 1/6      | 0/6     | 2/6         | 3/6          | 0/6       |

## HOUSEVIEW PORTFOLIO:

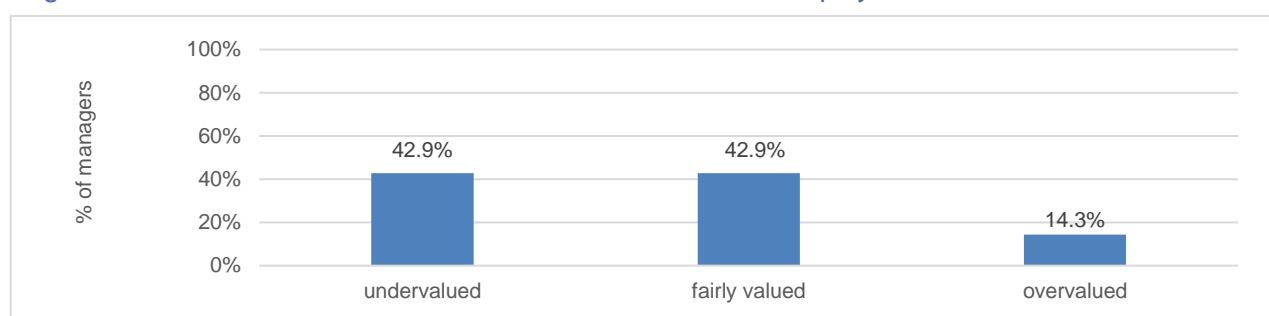
Combined house view of participating asset manager relative to 5-year average

|          | Combined HV allocation | 5-year average | Relative to average |          | Combined HV allocation | 5-year average | Relative to average |
|----------|------------------------|----------------|---------------------|----------|------------------------|----------------|---------------------|
| Local    | 75.68%                 | 75.64%         | Overweight          | Global   | 24.32%                 | 24.37%         | Underweight         |
| Cash     | 12.50%                 | 17.65%         | Underweight         | Cash     | 10.41%                 | 8.52%          | Overweight          |
| Bonds    | 15.46%                 | 16.51%         | Underweight         | Bonds    | 4.50%                  | 5.82%          | Underweight         |
| Property | 8.82%                  | 7.18%          | Overweight          | Property | 2.15%                  | 4.02%          | Underweight         |
| Equity   | 63.22%                 | 58.68%         | Overweight          | Equity   | 82.94%                 | 81.64%         | Overweight          |

## SECTOR OUTLOOK

| Asset       | Bullish | Neutral | Bearish |
|-------------|---------|---------|---------|
| Resources   | 4/7     | 2/7     | 1/7     |
| Financials  | 3/7     | 3/7     | 1/7     |
| Industrials | 7/7     | 0/7     | 0/7     |
| Small Caps  | 3/7     | 4/7     | 0/7     |
| Mid Caps    | 4/7     | 2/7     | 1/7     |
| Large Caps  | 3/7     | 4/7     | 0/7     |
| Value       | 3/7     | 4/7     | 0/7     |
| Growth      | 2/7     | 4/7     | 1/7     |

Which general valuation condition best describes the current SA equity market?



## COMMODITIES:

Expected price of oil, gold and platinum (\$)

| Oil (per barrel) |     | Gold (per ounce) |     | Platinum (per ounce) |     |
|------------------|-----|------------------|-----|----------------------|-----|
| Below \$55       | 1/7 | Below \$1000     | 2/7 | Below \$850          | 1/7 |
| \$55 - \$60      | 0/7 | \$1000 - \$1100  | 0/7 | \$850 - \$900        | 0/7 |
| \$61 - \$65      | 2/7 | \$1101 - \$1200  | 0/7 | \$901 - \$950        | 4/7 |
| \$66 - \$70      | 3/7 | \$1201 - \$1300  | 2/7 | \$951 - \$1000       | 2/7 |
| Above \$70       | 1/7 | Above \$1300     | 3/7 | Above \$1000         | 0/7 |

## ECONOMIC INDICATORS:

Expected direction of local inflation and interest rates

|                   | Inflation (CPI) | Interest rate (REPO) |
|-------------------|-----------------|----------------------|
| Trending downward | 0/7             | 0/7                  |
| Stable            | 0/7             | 7/7                  |
| Trending upward   | 7/7             | 0/7                  |
| Spiking upward    | 0/7             | 0/7                  |

## LOCAL CURRENCY OUTLOOK

| Rand/Dollar     |     | Rand/Pound      |     | Rand/Euro       |     |
|-----------------|-----|-----------------|-----|-----------------|-----|
| Below R12.00    | 0/7 | Below R16.00    | 0/6 | Below R13.00    | 0/7 |
| R12.00 – R12.50 | 2/7 | R16.00 – R16.50 | 0/6 | R13.00 - R14.00 | 0/7 |
| R12.51 – R13.00 | 4/7 | R16.51 – R17.00 | 2/6 | R14.01 - R15.00 | 2/7 |
| R13.01 – R13.50 | 1/7 | R17.01 – R17.50 | 1/6 | R15.01 - R16.00 | 4/7 |
| Above R13.50    | 0/7 | Above R17.50    | 3/6 | Above R16.00    | 1/7 |

**CURRENCY PREFERENCES:**

Which valuation condition best describes the following currencies

|           | Overvalued | Fairly Valued | Undervalued |
|-----------|------------|---------------|-------------|
| Rand      | 1/7        | 6/7           | 0/7         |
| US Dollar | 3/7        | 3/7           | 1/7         |
| Euro      | 1/7        | 4/7           | 2/7         |
| Sterling  | 2/7        | 1/7           | 4/7         |
| Yen       | 2/7        | 4/7           | 1/7         |

**GLOBAL ECONOMIC INDICATORS:**

Expected direction of global inflation and global growth

|                   | Global Inflation | Global Growth |
|-------------------|------------------|---------------|
| Trending downward | 0/7              | 0/7           |
| Stable            | 1/7              | 4/7           |
| Trending upward   | 6/7              | 3/7           |

**GLOBAL ECONOMIC INDICATORS:**

Which market do you think will outperform?

|           |     |          |     |
|-----------|-----|----------|-----|
| Developed | 4/7 | Emerging | 3/7 |
|-----------|-----|----------|-----|

**REGIONAL MARKET OUTLOOK**

| Equities                            | Bullish | Neutral | Bearish |
|-------------------------------------|---------|---------|---------|
| US                                  | 3/7     | 2/7     | 2/7     |
| Euro-Zone                           | 3/7     | 4/7     | 0/7     |
| UK                                  | 2/7     | 2/7     | 3/7     |
| Japan                               | 2/7     | 4/7     | 1/7     |
| Brazil, Russia, India, China (BRIC) | 4/7     | 3/7     | 0/7     |
| South America                       | 1/7     | 4/7     | 2/7     |
| Asia                                | 3/7     | 4/7     | 0/7     |
| Emerging Europe                     | 3/7     | 4/7     | 0/7     |
| Bonds                               | Bullish | Neutral | Bearish |
| US                                  | 1/7     | 1/7     | 5/7     |
| Euro-Zone                           | 0/7     | 1/7     | 6/7     |
| UK                                  | 0/7     | 1/7     | 6/7     |
| Japan                               | 1/7     | 2/7     | 4/7     |
| Brazil, Russia, India, China (BRIC) | 3/7     | 3/7     | 1/7     |
| South America                       | 2/7     | 2/7     | 3/7     |
| Asia                                | 3/7     | 3/7     | 1/7     |
| Emerging Europe                     | 2/7     | 3/7     | 2/7     |