



05 March 2018
Q4 2017

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 January 2018 and 16 February 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

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

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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 6.00%	6.00% - 7.00%	7.01% - 8.00%	8.01% - 9.00%	Above 9.00%
Bonds	0/7	1/7	1/7	3/7	2/7
	Below 9.00%	9.01% - 10.00%	10.01% - 11.00%	11.01% - 12.00%	Above 12.00%
Property	3/7	1/7	2/7	1/7	0/7
	Below 8.00%	8.00% - 9.00%	9.01% - 10.00%	10.01% - 11.00%	Above 11.00%
Equity	0/7	1/7	0/7	2/7	4/7

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	3/7	3/7	0/7
Financials	1/7	1/7	2/7	2/7	1/7
Industrials	0/7	1/7	2/7	4/7	0/7
Small Caps	0/7	1/7	2/7	2/7	2/7
Mid Caps	1/7	1/7	1/7	2/7	2/7
Value	0/7	1/7	2/7	4/7	0/7
Growth	1/7	1/7	1/7	4/7	0/7

HOUSEVIEW PORTFOLIO:

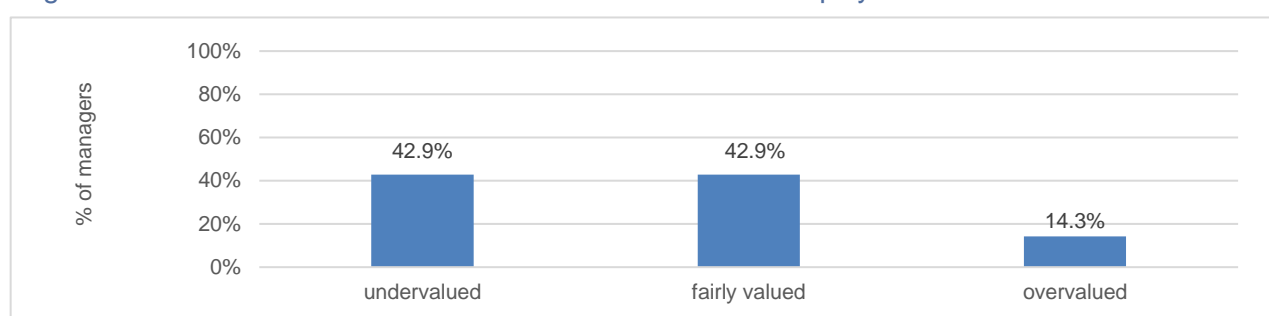
Combined house view of participating asset manager relative to 5-year average

	Combined HV allocation	5-year average	Relative to average		Combined HV allocation	5-year average	Relative to average
Local	76.50%	75.65%	Overweight	Global	23.50%	24.36%	Underweight
Cash	9.39%	17.86%	Underweight	Cash	14.25%	8.15%	Overweight
Bonds	19.37%	16.59%	Overweight	Bonds	3.93%	6.19%	Underweight
Property	9.37%	6.97%	Overweight	Property	2.22%	4.13%	Underweight
Equity	61.87%	58.59%	Overweight	Equity	79.60%	81.52%	Underweight

SECTOR OUTLOOK

Asset	Bullish	Neutral	Bearish
Resources	4/7	3/7	0/7
Financials	3/7	3/7	1/7
Industrials	6/7	1/7	0/7
Small Caps	5/7	2/7	0/7
Mid Caps	4/7	2/7	1/7
Value	3/7	3/7	1/7
Growth	3/7	3/7	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 \$45	0/7	Below \$1000	0/7	Below \$900	0/7
\$45 - \$50	0/7	\$1000 - \$1100	0/7	\$900 - \$950	0/7
\$56 - \$60	2/7	\$1101 - \$1200	0/7	\$951 - \$1000	3/7
\$61 - \$65	2/7	\$1201 - \$1300	3/7	\$1001 - \$1050	2/7
Above \$65	3/7	Above \$1300	4/7	Above \$1050	2/7

ECONOMIC INDICATORS:

Expected direction of local inflation and interest rates

	Inflation (CPI)	Interest rate (REPO)
Trending downward	3/7	7/7
Stable	4/7	0/7
Trending upward	0/7	0/7
Spiking upward	0/7	0/7

LOCAL CURRENCY OUTLOOK

Rand/Dollar		Rand/Pound		Rand/Euro	
Below R12.00	2/7	Below R15.00	1/7	Below R13.00	1/7
R12.00 – R12.50	3/7	R15.00 – R16.00	0/7	R13.00 - R14.00	0/7
R12.51 – R13.00	1/7	R16.01 – R17.00	0/7	R14.01 - R15.00	3/7
R13.01 – R13.50	0/7	R17.01 – R18.00	3/7	R15.01 - R16.00	1/7
Above R13.50	1/7	Above R18.00	3/7	Above R16.00	2/7

CURRENCY PREFERENCES:

Which valuation condition best describes the following currencies

	Overvalued	Fairly Valued	Undervalued
Rand	4/7	3/7	0/7
US Dollar	2/7	4/7	1/7
Euro	1/7	1/7	5/7
Sterling	2/7	3/7	2/7
Yen	4/7	2/7	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	1/7
Trending upward	6/7	6/7

GLOBAL ECONOMIC INDICATORS:

Which market do you think will outperform?

Developed	1/7	Emerging	6/7
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REGIONAL MARKET OUTLOOK

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