



06 July 2016
Second Quarter

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 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 23 May 2016 and 05 July 2016. Eight 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.

Glacier Research added Laurium Capital to the list of participating asset managers as from Q2 2016.

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
- Old Mutual Investment Group (Macro Strategy Investments)
- Sanlam Investment Management
- Stanlib Asset Management
- Truffle Asset Management
- Visio Capital
- Laurium Capital

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LOCAL ASSET CLASSES:

Expected performance over next 12 months

Asset	Below 5.00%	5.00% - 5.50%	5.51% - 6.00%	6.01% - 6.50%	Above 6.50%
Cash	1/8	1/8	0/8	0/8	6/8
	Below 7.00%	7.00% - 8.00%	8.01% - 9.00%	9.01% - 10.00%	Above 10.00%
Bonds	3/8	1/8	2/8	2/8	0/8
	Below 10.00%	10.00% - 12.00%	12.01% - 14.00%	14.01% - 16.00%	Above 16.00%
Property	6/8	1/8	1/8	0/8	0/8
	Below 8.00%	8.00% - 9.00%	9.01% - 10.00%	10.01% - 11.00%	Above 11.00%
Equity	3/8	0/8	4/8	0/8	1/8

LOCAL SECTOR CLASSES:

Expected performance over next 12 months

Asset	Negative	0% - 5%	5.01% - 10%	10.01% - 15%	Above 15%
Resources	4/8	1/8	1/8	1/8	1/8
Financials	0/8	2/8	3/8	3/8	0/8
Industrials	0/8	5/8	3/8	0/8	0/8
Small Caps	2/8	3/8	2/8	1/8	0/8
Mid Caps	2/8	1/8	4/8	1/8	0/8
Value	2/8	1/8	2/8	2/8	1/8
Growth	1/8	3/8	4/8	0/8	0/8

HOUSEVIEW PORTFOLIO:

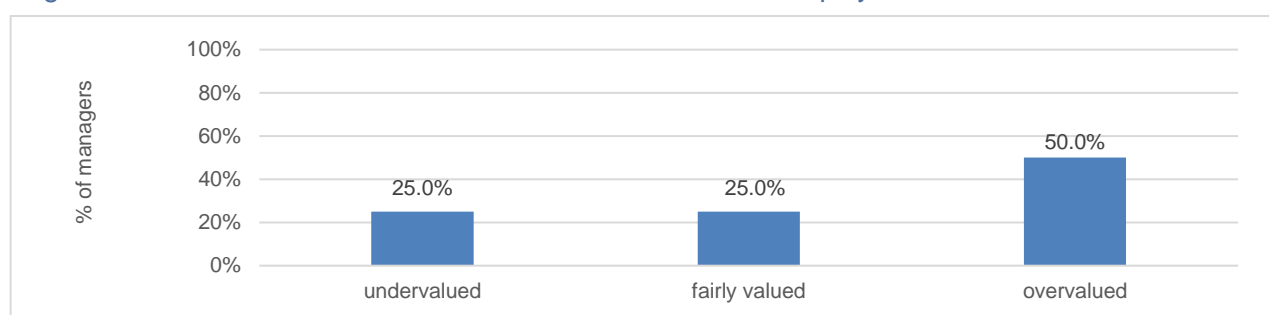
Combined house view of participating asset manager relative to 5-year average

	Combined HV allocation	5-year average	Relative to average		Combined HV allocation	5-year average	Relative to average
Local	75.6%	76.1%	Underweight	Global	24.4%	23.9%	Overweight
Cash	19.3%	19.1%	Overweight	Cash	8.8%	6.5%	Overweight
Bonds	13.1%	16.8%	Underweight	Bonds	5.9%	8.7%	Underweight
Property	7.1%	5.8%	Overweight	Property	6.8%	3.7%	Overweight
Equity	60.5%	58.3%	Overweight	Equity	78.5%	81.1%	Underweight

SECTOR OUTLOOK

Asset	Bullish	Neutral	Bearish
Resources	1/8	3/8	4/8
Financials	2/8	6/8	0/8
Industrials	0/8	5/8	3/8
Small Caps	1/8	3/8	4/8
Mid Caps	1/8	4/8	3/8
Value	4/8	2/8	2/8
Growth	1/8	6/8	1/8

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



COMMODITIES:

Expected price of oil and gold (\$)

Oil (per barrel)		Gold (per ounce)		Gold (per ounce)	
Below \$40	0/8	Below \$1200	2/8	Below \$950	0/8
\$40 - \$45	0/8	\$1200 - \$1250	1/8	\$950 - \$1000	2/8
\$46 - \$50	1/8	\$1251 - \$1300	4/8	\$1001 - \$1050	3/8
\$51 - \$55	5/8	\$1301 - \$1350	1/8	\$1051 - \$1100	2/8
Above \$55	2/8	Above \$1350	0/8	Above \$1100	1/8

ECONOMIC INDICATORS:

Expected direction of inflation and interest rates

	Inflation (CPI)	Interest rate (REPO)
Trending downward	1/8	0/8
Stable	1/8	3/8
Trending upward	6/8	5/8
Spiking upward	0/8	0/8

LOCAL CURRENCY OUTLOOK

Rand/Dollar		Rand/Pound		Rand/Euro	
Below R15.00	3/8	Below R21.50	4/8	Below R16.50	2/8
R15.00 – R15.50	1/8	R21.50 – R22.00	1/8	R16.50 - R17.00	1/8
R15.51 – R16.00	2/8	R22.01 – R22.50	1/8	R17.01 - R17.50	3/8
R16.01 – R16.50	1/8	R22.51 – R23.00	0/8	R17.51 - R18.00	1/8
Above R16.50	1/8	Above R23.00	2/8	Above R18.00	1/8

CURRENCY PREFERENCES:

Which valuation condition best describes the following currencies

	Overvalued	Fairly Valued	Undervalued
Rand	2/8	0/8	6/8
US Dollar	4/8	2/8	2/8
Euro	2/8	2/8	4/8
Sterling	1/8	2/8	5/8
Yen	4/8	1/8	3/8

GLOBAL ECONOMIC INDICATORS:

Expected direction of global inflation and global growth

	Global Inflation	Global Growth
Trending downward	0/8	2/8
Stable	6/8	5/8
Trending upward	2/8	1/8

GLOBAL ECONOMIC INDICATORS:

Expected direction of global inflation and global growth

Developed	6/8	Emerging	2/8
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REGIONAL MARKET OUTLOOK

Equities	Bullish	Neutral	Bearish
US	1/8	4/8	3/8
Euro-Zone	5/8	3/8	0/8
UK	4/8	3/8	1/8
Japan	3/8	4/8	1/8
Brazil, Russia, India, China (BRIC)	2/8	2/8	4/8
South America	2/8	2/8	4/8
Asia	2/8	4/8	2/8
Emerging Europe	4/8	3/8	1/8
Bonds	Bullish	Neutral	Bearish
US	0/8	2/8	6/8
Euro-Zone	0/8	3/8	5/8
UK	0/8	3/8	5/8
Japan	0/8	2/8	6/8
Brazil, Russia, India, China (BRIC)	0/8	5/8	3/8
South America	0/8	7/8	1/8
Asia	0/8	6/8	2/8
Emerging Europe	1/8	6/8	1/8