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Q2 2020

## 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 April 2020 and May 2020. 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
- Ninety One
- Laurium Capital
- Old Mutual Investment Group (Macro Solutions)
- Sanlam Investments
- Stanlib Asset Management

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## LOCAL ASSET CLASSES:

Expected performance over next 12 months

Asset	Below 3.00%	3.01% - 4.00%	4.01% - 5.00%	5.01% - 6.00%	Above 6.00%
Cash	0/7	4/7	1/7	2/7	0/7
	Below 5.00%	5.01% - 6.00%	6.01% - 7.00%	7.01% - 8.00%	Above 8.00%
Bonds	0/7	1/7	0/7	0/7	6/7
	Below 3.00%	3.01% - 4.00%	4.01% - 5.00%	5.01% - 6.00%	Above 6.00%
Property	1/7	0/7	0/7	1/7	5/7
	Below 6.50%	6.51% - 7.50%	7.51% - 8.50%	8.51% - 9.50%	Above 9.50%
Equity	0/7	0/7	1/7	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	0/7	0/7	6/7	1/7
Financials	0/7	2/7	0/7	4/7	1/7
Industrials	0/7	0/7	6/7	0/7	1/7
Small Caps	1/7	1/7	5/7	0/7	0/7
Mid Caps	0/7	0/7	7/7	0/7	0/7
Large Caps	0/7	0/7	1/7	6/7	0/7
Value	0/7	2/7	3/7	2/7	0/7
Growth	0/7	0/7	1/7	6/7	0/7

## HOUSEVIEW PORTFOLIO:

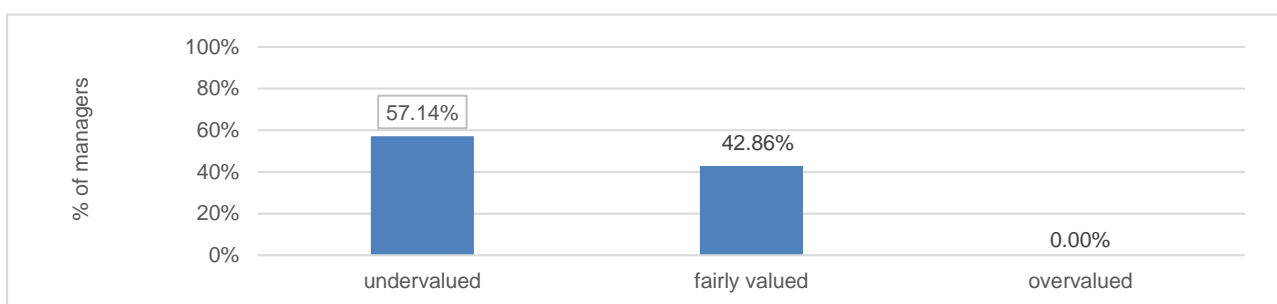
Combined house view of participating asset manager relative to 5-year average

Local exposure	Combined houseview allocation	5-year average	Relative to 5-year average	Global exposure	Combined houseview allocation	5-year average	Relative to 5-year average
Total local exposure	71.00%	75.25%	Underweight	Total global exposure	29.00%	24.77%	Overweight
Cash	10.31%	15.29%	Underweight	Cash	13.04%	9.80%	Overweight
Bonds	21.46%	17.56%	Overweight	Bonds	3.03%	4.44%	Underweight
Property	6.63%	7.33%	Underweight	Property	0.00%	3.24%	Underweight
Equity	61.60%	59.82%	Overweight	Equity	83.92%	82.52%	Overweight

## SECTOR OUTLOOK

Asset	Bullish	Neutral	Bearish
Resources	6/7	1/7	0/7
Financials	3/7	4/7	0/7
Industrials	3/7	3/7	1/7
Small Caps	0/7	3/7	4/7
Mid Caps	1/7	6/7	0/7
Large Caps	5/7	2/7	0/7
Value	2/7	3/7	2/7
Growth	3/7	4/7	0/7

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 \$25	1/7	Below \$1600	1/7	Below \$825	1/7
\$26 - \$30	0/7	\$1601 - \$1700	2/7	\$826 - \$875	3/7
\$31 - \$35	1/7	\$1701 - \$1800	1/7	\$876 - \$925	2/7
\$36 - \$40	1/7	\$1801 - \$1900	3/7	\$926 - \$975	1/7
Above \$40	4/7	Above \$1900	0/7	Above \$975	0/7

## ECONOMIC INDICATORS:

Expected direction of local inflation and interest rates

	Inflation (CPI)	Interest rate (REPO)
Trending downward	5/7	6/7
Stable	1/7	1/7
Trending upward	1/7	0/7
Spiking upward	0/7	0/7

## LOCAL CURRENCY OUTLOOK

Rand/Dollar		Rand/Pound		Rand/Euro	
Below R15.00	1/7	Below R19.00	1/7	Below R17.00	1/7
R15.01 – R16.00	0/7	R19.01 – R20.00	4/7	R17.01 - R18.00	2/7
R16.01 – R17.00	3/7	R20.01 – R21.00	0/7	R18.01 - R19.00	2/7
R17.01 – R18.00	3/7	R21.01 – R20.50	2/7	R19.01 – R20.00	1/7
Above R18.00	0/7	Above R22.00	0/7	Above R20.00	1/7

## CURRENCY PREFERENCES:

Which valuation condition best describes the following currencies

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

## GLOBAL ECONOMIC INDICATORS:

Expected direction of global inflation and global growth

	Global Inflation	Global Growth
Trending downward	1/7	2/7
Stable	2/7	0/7
Trending upward	4/7	5/7

## GLOBAL ECONOMIC INDICATORS:

Which market do you think will outperform?

Developed	3/7	Emerging	4/7
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## REGIONAL MARKET OUTLOOK

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