

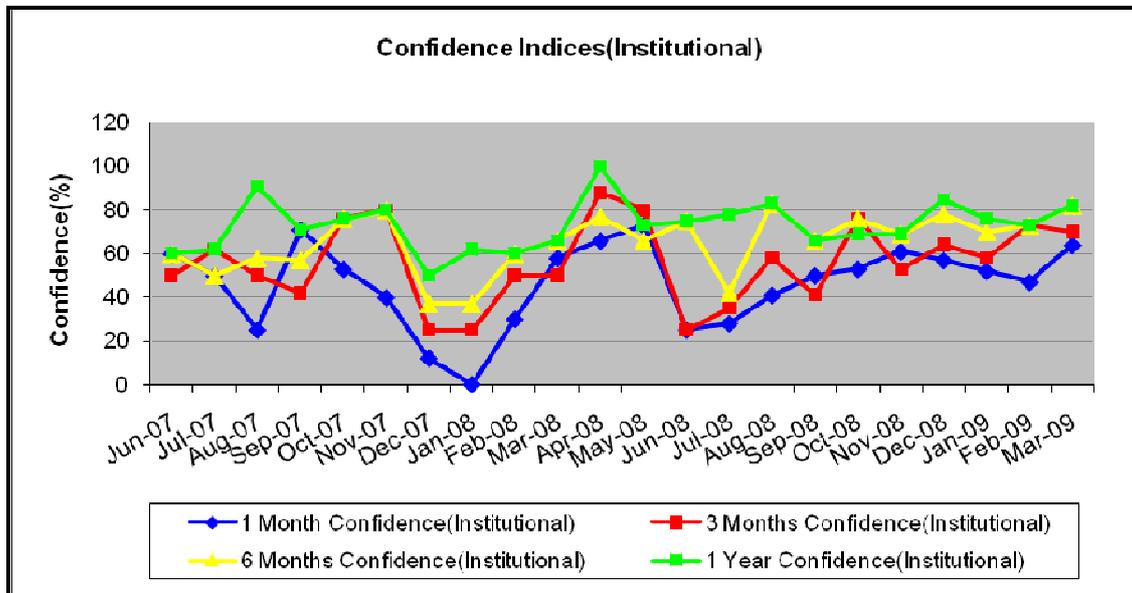
**Sanlam Investment Management Investor Confidence Index Results**  
**March 2009**

**INSTITUTIONAL INVESTORS OPTIMISTIC ABOUT EQUITY MARKET**

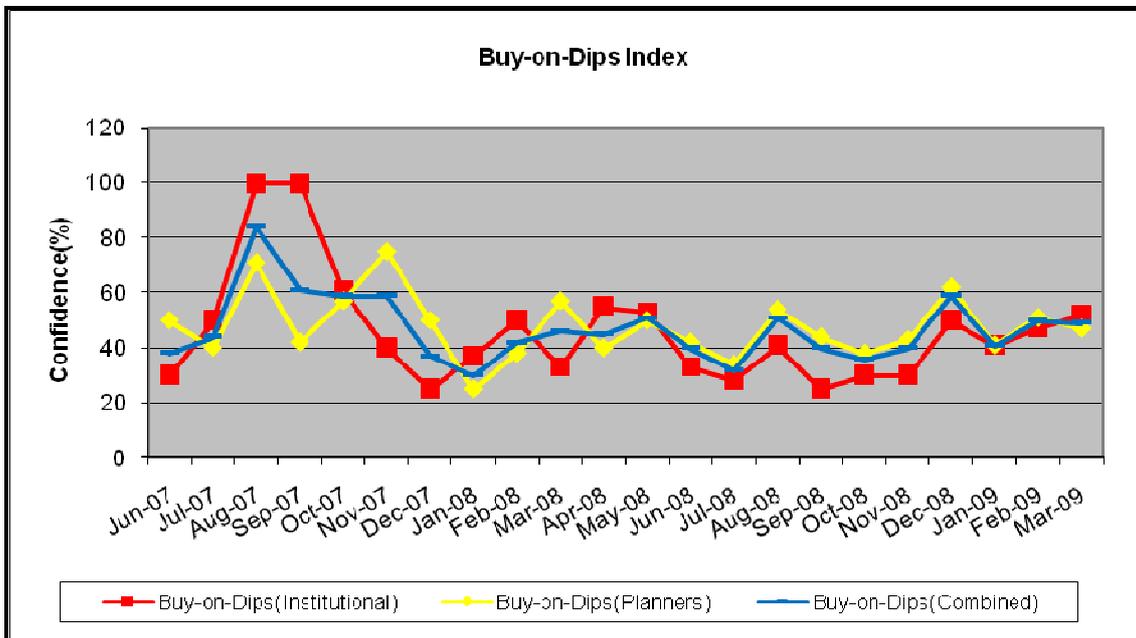
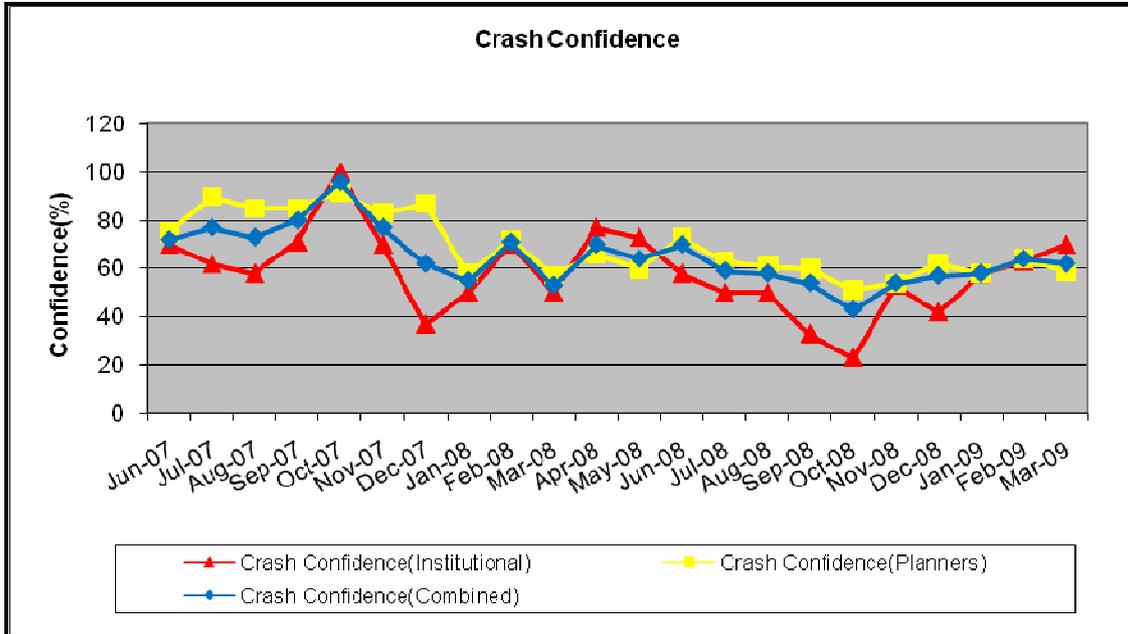
*Sanlam Investment Management (SIM) Investor Confidence Index, conducted by the Institute of Behavioural Finance, indicates institutional investors are more optimistic than financial advisors*

The March Sanlam Investment Management (SIM) Investor Confidence Index indicated that institutional investors have become more positive about the valuation of the equity market and have increased their expected returns from the equity market since the February survey. According to Frederick White, head of Sanlam Investment Management (SIM) asset allocation research, this is encouraging to see given steep declines in equity markets since the previous survey.

He said, "On a one-year basis they now expect the market to increase by 9.5 percent compared to the expected 5.2 percent in last month's survey. If one adds a dividend of about five percent as currently offered by the major local indices, the total return expected by institutional investors over the next 12 months is almost 15 percent. If inflation drops to within the South African Reserve Bank's target range of three to six percent which is widely expected, investors will achieve handsome returns.

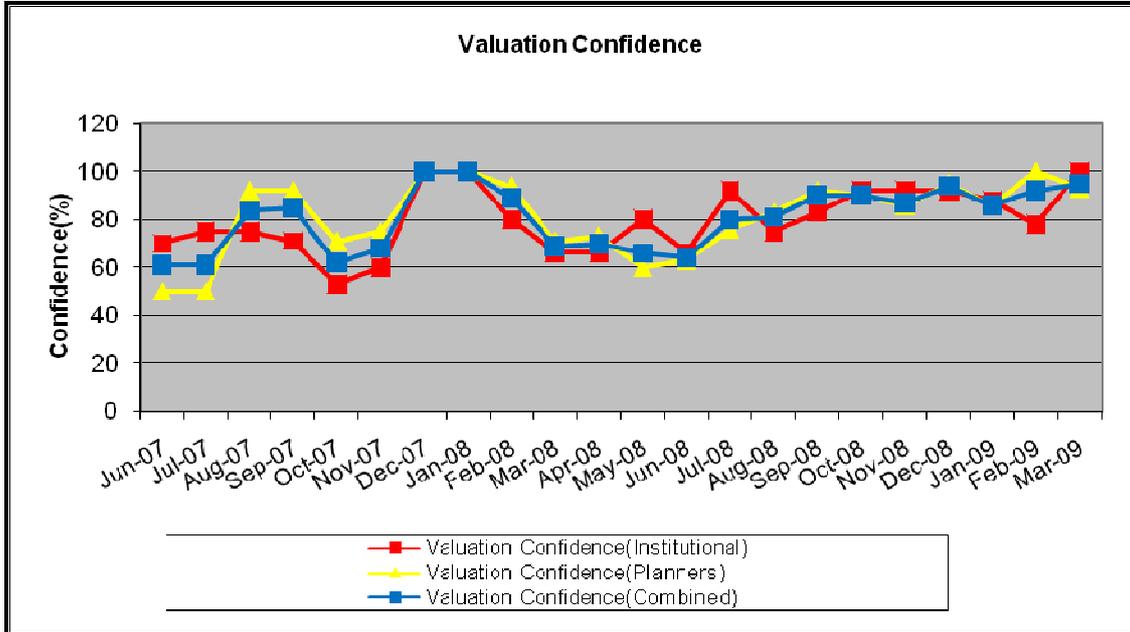


The collective view among institutional investors on the probability of a market crash has also improved from believing there is a 33.3 percent chance of a 1929 type crash five months ago, to 10.6 percent in the latest survey.

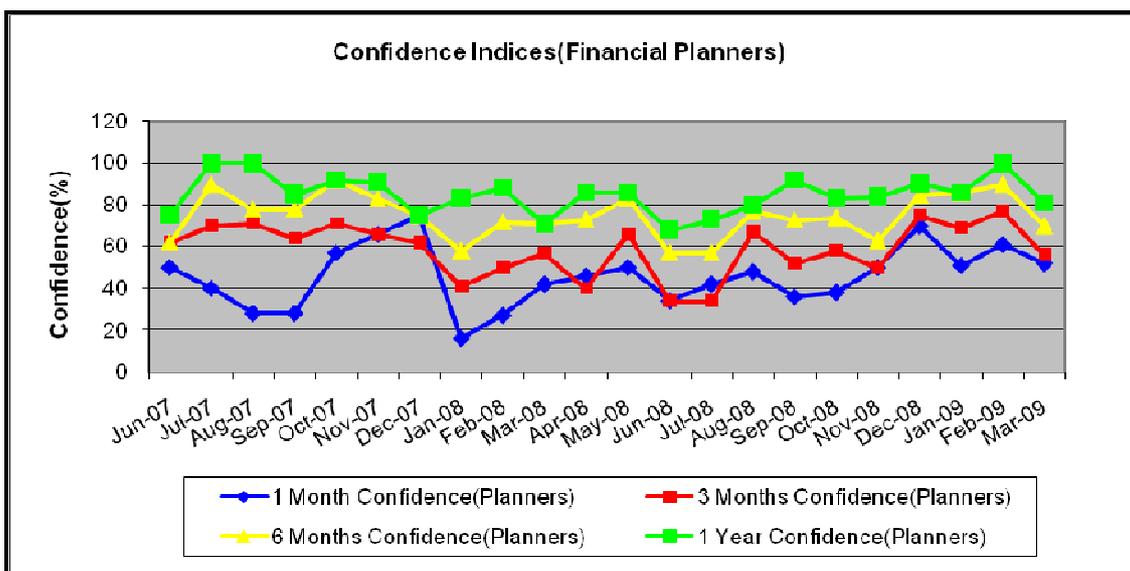


“Institutional investors seem to have started looking beyond the news flow of the day and focusing on value on offer, not allowing day-to-day economic and corporate earning

disappointments to dominate their sentiment and action. The majority of them (71 percent) believe that the market is cheap compared to fundamental value,” said White.



Financial advisors are not as optimistic. “Financial planners still seem to be influenced by negative news flow. They feel the pain of market declines more directly and may experience daily pressure from clients hurt by personal wealth destruction – while having less access to institutional valuation research. All of this makes it much harder for them to focus on the long term returns on offer in the market. Having said this, although the advisor subgroup was slightly less optimistic on market returns since last month and compared to the institutions, they are by no means pessimistic.”



Gerda van der Linde, executive director at the Institute for Behavioral Finance believes it is important to take the current social mood into consideration when analysing the results. “Where a negative social mood is prevailing, it is hard to persuade a client to base decisions on the relevant and factual information only. No wonder financial planners lose some optimism in an environment where a negative social mood causes chronic uncertainty to prevail,” she said.

“The general social mood in a society will govern the tone and character of financial and economic activity in the society at any given time. The social mood is the investors’ collective state of mind, shared through the herding impulse which results from how investors feel and think about the market ,and the sensations they pick up from other individuals, at a given time.”

Van der Linde believes more good news and less uncertainty could help financial planners and their clients regain the optimism and confidence in the markets. “This could result in an improvement in the negative social mood, which is greatly needed for confidence in the markets to return and for trust in the financial system to return. **The spread of a social mood can be compared to the spread of a disease – it begins with either some people undergoing a huge change in mood or many people undergoing a small change in mood.**

“What we see in the March results of the investor confidence index survey might be the beginning of many people undergoing a small change in sentiment that might result in the return of a positive social mood over time,” concludes van der Linde. She adds that Warren Buffet made the point in a recent CNBC interview that people get fearful in minutes but confidence takes time to return. He also said: **“if you're confused and fearful, you don't get over being fearful till you aren't confused”**.

Ends

Visit <http://www.sim.sanlam.com/simnew/?sid=40> for more information

Notes :

### **About the Sanlam Investment Management Investor Confidence Index**

The Sanlam Investment Management Investor Confidence Index is based on the Yale School of Management Stock Market Confidence Index which has been conducted in the USA since 1984 and in Japan since 1989. It is run in conjunction with the Institute of Behavioral Finance.

The index is reported in four main categories: One-Year Confidence Index, Buy-On-Dips Confidence Index, Crash Confidence Index, and Valuation Confidence Index. The One-Year Confidence Index relates to the expected percentage change in the JSE All-share Index for the periods of one month, the next three months, the next six months and the next year. The Buy-On-

Dips Confidence Index gives participants a chance to estimate how the JSE All-Share Index will do the day after tomorrow if it were to drop by three percent tomorrow.

The results of the survey are published monthly at: [www.sim.sanlam.com/simnew/?sid=40](http://www.sim.sanlam.com/simnew/?sid=40)

**About Sanlam Investment Management (SIM)**

Part of the Sanlam Investments cluster, SIM is the second largest asset manager in South Africa with more than R243 billion in assets under management. SIM is a multi-specialist asset manager consisting of six specialised boutiques which share a common research platform. The six boutique teams are Equities, Fixed Interest, Absolute Return, Liability Driven, Active Quants and Balanced. SIM provides traditional and alternative investment management services to third party institutional and retail clients as well as the Sanlam Group. For more information, visit [www.sim.sanlam.com](http://www.sim.sanlam.com)

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