

South Africa Fund Manager Survey

Stronger equity bulls. 88% see 'Buys'

Equity Strategy

#316*. Managers more bullish equities; strong cash bears

Market +12Ms: All-Share index 82k (80k Jan.). **Total returns:** equities 15%, R2035 17%, cash 9%. +12M net equity bulls rose to 63% (29% last month). Bond bulls eased. Steady net cash bears. Survey responses support higher equity returns, on average. A net 69% (50%) of managers say equities are undervalued (lower net 38% for bonds): 88% see more 'Buys' than 'Sells'. Net 25% expect Budget 21st Feb to disappoint (Exhibit 2).

Market risks: SOEs, weak EPS. 1st rate cut Q3 (was Q2)

On 12Ms, a net 38% (29%) expect the economy to get 'a little stronger'; a higher net 75% (50%) expect inflation 'slightly lower'. USDZAR forecast +12M at 18.35 (17.73); repo & R2035 at 7.50% (7.42%) & 10.77% (10.73%), respectively. A net 67% expect the first repo cut in Q3 '24 (33% say Q2; 75% in Jan). No reform.

Domestic equities in focus. 50/50 split on rate-sensitives

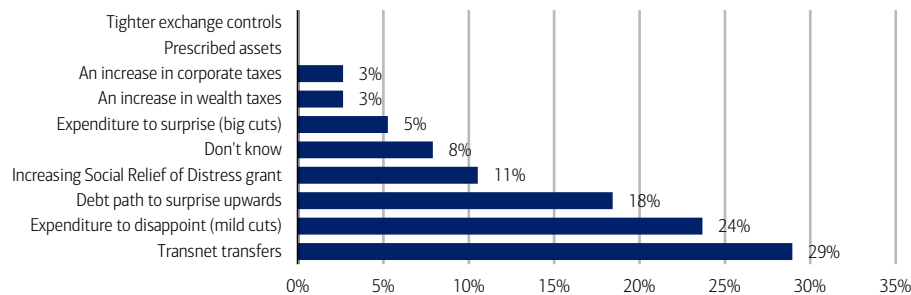
A high net 75% (79%) would OW domestic stocks +12Ms. For the first time in 6Ms of asking, a positive consumer response: a net 31% now say they 'have seen the worst of the impact of high interest rates & inflation on consumer spending'. Yet 50% say it is too early to buy interest rate sensitives (likely the result of a high-for-longer repo rate).

OW equities, bonds, cash, banks, healthcare, tech (a high)

+3Ms: net 38% want to invest in offshore assets; 25% into local bonds and 19% into local equities. Offshore equity weight (27%) a survey high: 8% of local assets to still invest abroad. Most preferred +12Ms: banks, food producers, healthcare, retailers. Gold, chemicals, telecoms, least. Out-of-favour sectors gain: telecom, gold, real estate.

Exhibit 2: Net 25% expect Feb 21st Budget to 'surprise negatively'. 56% say 'meet expectations'

Most likely to see: Transnet transfers and expenditure to disappoint. Debt path to surprise upwards (again)



Source: BofA Global Research, SA FMS February 2024. *Edition #316 – 26th Anniversary year

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Refer to important disclosures on page 30 to 31.

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Timestamp: 13 February 2024 12:30AM EST

13 February 2024

Investment Strategy
South Africa

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Data
Analytics



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Exhibit 1: Positioning: 1ow - 5uw

#1 bonds, #5 offshore. Software #1

Relative to history	Dec	Nov	OW/UW
Bonds	Fb1	1	ow
Equities	Fb3	3	ow
Cash	Fs4	3	ow
Offshore	Fb5	5	uw
Chemicals	4	3	ow
Gold	3	3	uw
Platinum	3	3	uw
Metals & mining	3	4	ow
Banks & IBK/Brokers	3	3	ow
Life	3	3	uw
'Heavy' industrials	2	3	ow
Retail/Food producers	2	2	ow
Telecoms	5	4	uw
Personal goods	3	3	uw
Beverages & Tobacco	3	3	ow
Real estate	3	3	uw
Software	1	1	uw
Healthcare	3	3	ow

Source: BofA Global Research.

Note: Positioning relative to history; 1 (high) to 5 (low)

Firm buyers (fb); firm sellers (fs), firm tussle (ft)

Absolute overweight (ow), underweight (uw), neutral (n)

'Heavy' industrials: general industrials, transport, construction & materials.

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Methodology

- The fund manager survey was conducted between 2nd and 8th February 2024. It incorporates the views of 16 managers.
- *This is Edition #316, the 26th Anniversary year of the South Africa Fund Manager Survey. A big thank you to all the participants for your commitment, contribution and insights, since 1997. You have made 'market consensus' possible.

How the survey is conducted.

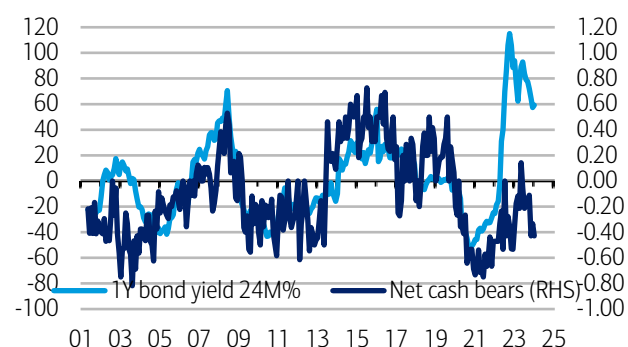
Ipsos begins fieldwork on the day the U.S. payroll data is released. Fieldwork continues through the following week and is closed on the following Thursday.

Ipsos sends a link to the website containing the unprocessed results to survey panellists (who completed the survey). All bona fide institutional fund managers are welcome to participate in the panel

- Net buyers/sellers refers to the difference between the number of managers planning to increase and those planning to decrease exposure over the next three months
- Net over/underweight refers to the difference between the number of managers who are overweight and those that are underweight, a particular asset class or sector
- Net bulls refers to the number of managers who are bullish less the number of managers who are bearish

Exhibit 3: Cash bears and interest rates

Slightly fewer cash bears this month: supportive equity returns +12M



Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 4: Markets between fieldwork periods:

Oil and Findi gains: resource index falls

FTSE/JSE All-Share (73,725: 8th Feb)

FTSE/JSE Resources	-0.15%
FTSE/JSE Findi	-3.4%
USDZAR	+1.0%
SA generic 10y Bond (bps)	-1.7%
Gold Bullion (US\$)	+24bps (11.26%)
Crude Oil-Brent (US\$)	+0.3%
Copper (US\$)	+5.5%
VIX	-1.9%
	+2.8%

Source: BofA Global Research, IRESS

Capital return Jan-Feb 2024 survey closing dates

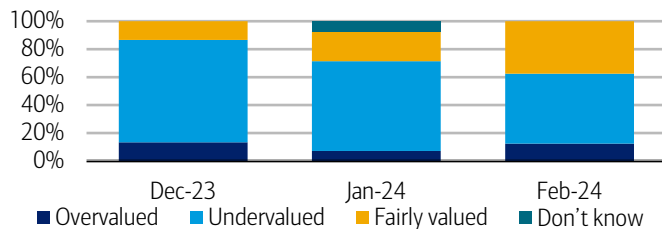
Findi = Financial & Industrial index: All-Share ex-resources

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Special Questions

Exhibit 5: Do you think S. Africa 10Y bonds are?

Undervalued



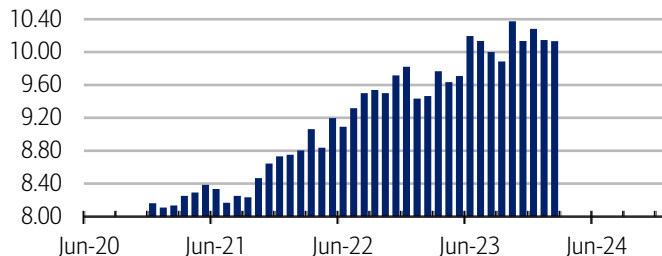
Source: BofA Global Research, South Africa Fund Manager Survey

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Thirty-eight percent of managers (57%) say bonds are undervalued, a lower reading heading into the Budget: 57Ms of undervaluation in a row. Sixty-nine percent (50%) say equities are undervalued: 75% see more 'Buy' opportunities than 'Sells'

Exhibit 6: Amid strong risk-on, at what yield would you sell the R2035..?

10.13%. Consensus 10.50%. Wide range forecast



Source: BofA Global Research, South Africa Fund Manager Survey. Prior to Dec'23, R2032

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Yields off peak. Managers would sell the R2035 at 10.13%. R2035 11.55% (11.34%) during the survey period

Exhibit 7: Where do you think the equity Market will be in 6Ms?

Up

%	Feb-24	Jan-24	Dec-23
Up	63%	50%	53%
Down	19%	21%	20%
Flat	13%	7%	0%
Don't know	6%	21%	27%
Net Up/Down	44 %	29 %	33 %
Total	100%	100%	100%

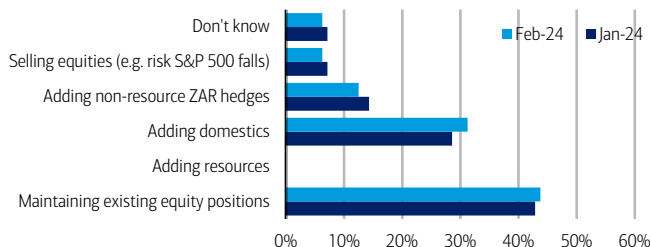
Source: BofA Global Research, South Africa Fund Manager Survey

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More managers see the market up +6Ms

Exhibit 8: Considering a US/China slowdown and Fed/SARB cutting cycles, are you thinking of..?

Maintaining positions



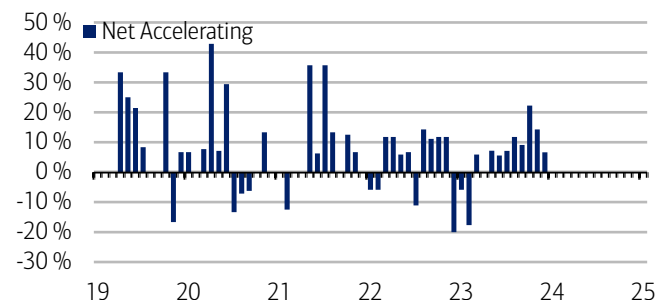
Source: BofA Global Research, South Africa Fund Manager Survey

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Managers maintaining positions for 2024. Adding to domestics. No manager is adding to resources (four months in a row), despite the index falling c. 10% over this period (30% in the past 12Ms)

Exhibit 9: Do you see government reform?

No



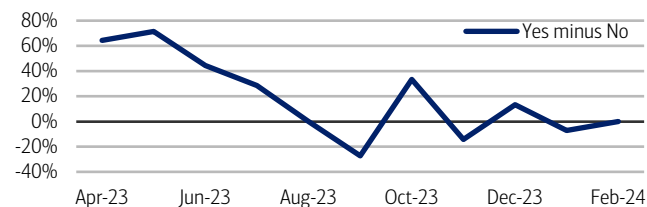
Source: BofA Global Research, South Africa Fund Manager Survey

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Reform prospects fade to zero in the past two months. 88% say 'at the same pace'. South Africa 'has a major problem'. Poor skills outcomes, wage rigidity, government intervention & policy and delivery failures (state owned enterprises and municipalities – logistics, electricity & water). Rising debt profile

Exhibit 10: Too early to buy interest-rate sensitives for next cutting cycle?

Yes/No



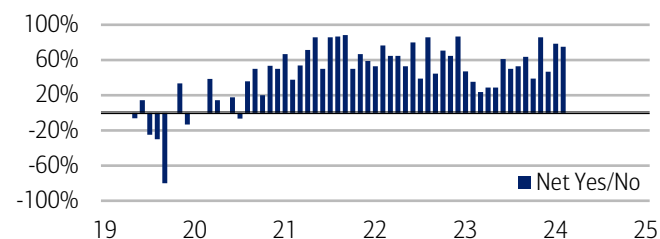
Source: BofA Global Research, South Africa Fund Manager Survey

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This month, 50% of managers say 'Yes'; 50% say 'No'. Rate cut pushed out to Q3

Exhibit 11: Would you overweight S. Africa domestic stocks +12Ms?

Yes



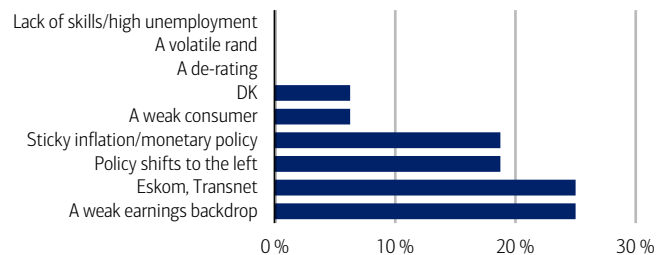
Source: BofA Global Research, South Africa Fund Manager Survey

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A still high net 75% (79%) would overweight domestic +12Ms, a question to gauge risk-on. End-2024, a weaker dollar, better S. Africa growth and Fed/SARB cutting cycles should provide good support later this year

Exhibit 12: What is your biggest domestic risk to S. African equities..?

SOEs and weak earnings



Source: BofA Global Research, South Africa Fund Manager Survey

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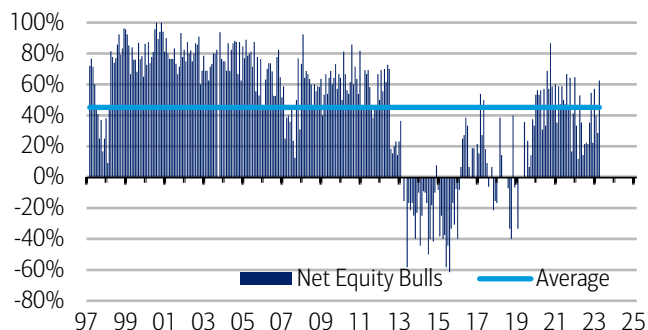
Joint #1: 'Eskom & Transnet' and 'weak earnings'

Joint #2: 'Policy shifts to the left' and 'sticky inflation & monetary policy'

Prospects: 12-month view

Exhibit 13: Are you bullish or bearish on South African equities on a 12-month view?

Bullish



Source: BofA Global Research, South Africa Fund Manager Survey

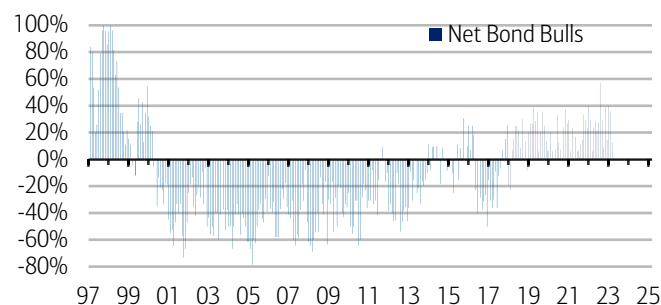
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South African equities:

More equity bulls this month (+63% vs. +29%)

Exhibit 14: Are you bullish or bearish on South African bonds on a 12-month view?

Bullish



Source: BofA Global Research, South Africa Fund Manager Survey

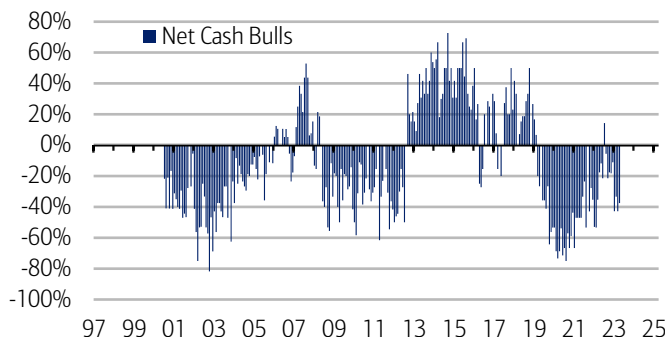
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South African bonds:

Fewer bond bulls this month (+13% vs. +36%): still supportive above-inflation bond returns +12Ms, on average

Exhibit 15: Are you bullish or bearish on cash on a 12-month view?

Bearish



Source: BofA Global Research, South Africa Fund Manager Survey

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Cash:

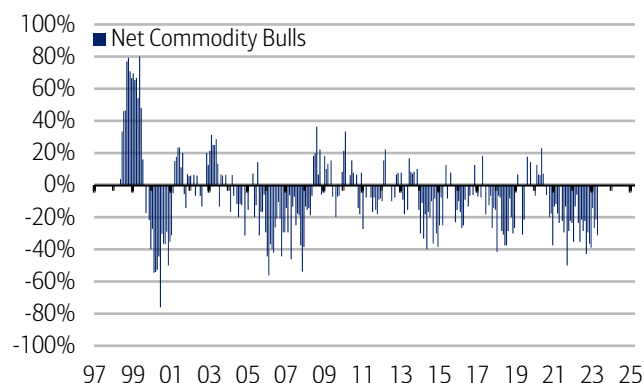
Fewer managers bearish cash (-38% vs. -43%). Still supportive equity returns +12Ms, on average

Exhibit 16: Are you bullish or bearish commodities +12Ms?

Bearish

Commodities:

More bears (-31% vs. -21%). No bulls



Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 17: Are you bullish or bearish on the following asset classes on a 12 month view?

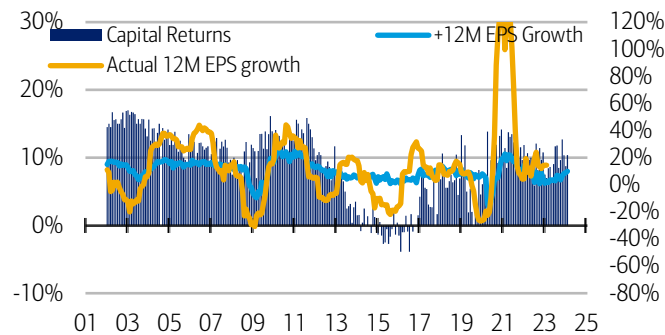
Less bullish equities and bonds. More bearish cash and less bearish commodities

	Feb	Jan	Dec
Most bullish			
South African equities	69%	43%	47%
South African bonds	19%	43%	40%
Cash	13%	14%	13%
Commodity prices	0%	0%	0%
Don't know	0%	0%	0%
Total	100%	100%	100%
Most bearish			
South African equities	6%	14%	7%
South African bonds	6%	7%	0%
Cash	50%	57%	47%
Commodity prices	31%	21%	27%
Don't know	6%	0%	20%
Total	100%	100%	100%
Net Bulls			
South African equities	63%	29%	40%
South African bonds	13%	36%	40%
Cash	-38%	-43%	-33%
Commodity prices	-31%	-21%	-27%

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Exhibit 18: +12M equity capital returns; EPS growth?

Capital returns (LHS) c.+10%. Similar earnings growth



Source: BofA Global Research, South Africa Fund Manager Survey

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Expected +12M equity capital return +10%. EPS growth similar

Exhibit 19: Capital return and EPS growth

Double-digit capital returns and earnings growth

Equity capital returns rise to +10%. Range -15% to +20%

	Feb	Feb	Jan
Q1. What capital return do you expect over the next 12-months?			
Minus 30%	0%	0%	0%
Minus 25%	0%	0%	0%
Minus 20%	0%	0%	0%
Minus 15%	6%	0%	0%
Minus 10%	0%	7%	13%
Minus 5%	6%	0%	0%
Zero	0%	0%	0%
Plus 5%	0%	14%	13%
Plus 10%	25%	43%	7%
Plus 15%	31%	21%	47%
Plus 20%	13%	0%	13%
Plus 25%	0%	0%	0%
Plus 30%	0%	0%	0%
Plus 35%	0%	0%	0%
Plus 40% or more	0%	0%	0%
Don't know	19%	14%	7%
Expected capital return	10.4%	8.8%	10.4%
Q2. What EPS growth do you expect over the next 12-months?			
Minus 30%	0%	0%	0%
Minus 25%	0%	0%	8%
Minus 20%	0%	0%	0%
Minus 15%	0%	0%	0%
Minus 10%	0%	0%	0%
Minus 5%	0%	0%	0%
Zero	0%	0%	0%
Plus 5%	18%	33%	17%
Plus 10%	64%	56%	50%
Plus 15%	18%	11%	8%
Plus 20%	0%	0%	17%
Plus 25%	0%	0%	0%
Plus 30%	0%	0%	0%
Plus 35%	0%	0%	0%
Plus 40%	0%	0%	0%
Don't know	0%	0%	0%
Expected change in EPS	10.0%	8.9%	8.3%

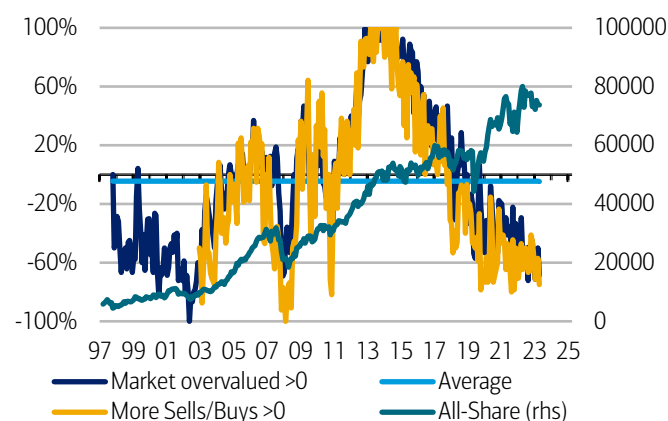
Source: BofA Global Research, South Africa Fund Manager Survey

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Earnings growth +10%. Range narrow from +5% to +15%

Exhibit 20: Q1 - Is the equity market overvalued, fairly valued or undervalued? Q2 - Are you finding more Buy or Sell opportunities?

Undervalued. Buys



Source: BofA Global Research, South Africa Fund Manager Survey

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A higher net 69% (50%) of managers see the equity market as undervalued; a higher net 75% (57%) see more Buy than Sell opportunities. These responses are supportive equity double digit returns +12M

Exhibit 21: Equity market and Buy vs Sells

More see value and 'Buys'

Q1. The South Africa equity market is:

	Feb	Jan	Dec
Overvalued	6%	7%	13%
Fairly valued	19%	29%	7%
Undervalued	75%	57%	80%
Don't know	0%	7%	0%
Net overvalued	-69%	-50%	-67%

Q2. Buy vs sell opportunities:

	Feb	Jan	Dec
More Buys	88%	71%	80%
More Sells	13%	14%	13%
Don't know	0%	14%	7%
See more Sells than Buys	-75%	-57%	-67%

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Asset allocation: current and future

Exhibit 22: South African distribution of international funds

Selling local for offshore

	Feb Hi	Feb Lo	Median	Feb	Jan	Dec
Equity	63	8	43	41	43	41
Resource Stocks	17	2	10	10	11	11
Financial Stocks	23	3	12	12	13	12
Industrial Stocks	30	3	22	19	20	18
Bonds	25	0	13	14	14	15
IL Bonds	5	0	0	1	1	1
Property	5	0	3	3	3	3
Cash	27	1	4	6	6	5
Alternative	5	0	0	1	1	1
Offshore	45	25	34	34	32	35
Overseas Stocks	38	13	27	25	24	23
Overseas Bonds	8	0	5	4	3	6
Overseas IL Bonds	5	0	0	1	1	1
Overseas Property	4	0	0	1	1	1
Overseas Cash	10	0	0	2	2	3
Overseas Alternative	11	0	0	1	1	1

Source: BofA Global Research, South Africa Fund Manager Survey

All-Share weights: Resources 25%, Financials & REITS 31% and Industrials 44% (JSE)

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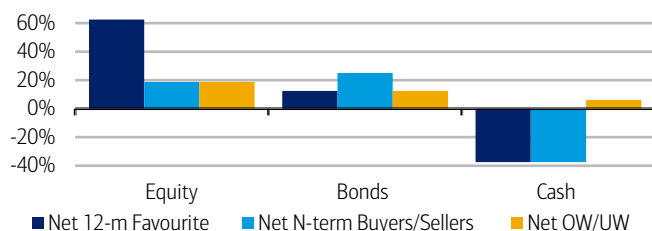
Seventy-six percent (75%) in financials and industrials in the domestic equity portion of the portfolio

Managers sold local equities (industrials) for bonds and cash. Lightened local property. Added to offshore bonds and equities; lightened cash

Offshore investments well off regulatory 45% limit at 34% (32%). Target c.42%. Managers say, on average, they would still like to invest c.8% of S. Africa assets under management abroad

Exhibit 23: Domestic preference

Equities #1; bonds #2



Source: BofA Global Research, South Africa Fund Manager Survey

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On various measures, equities preferred over bonds. Equities gain ground over bonds

Exhibit 24: Asset Allocation

Want to invest offshore/SA bonds & equity. UW offshore. OW SA equity

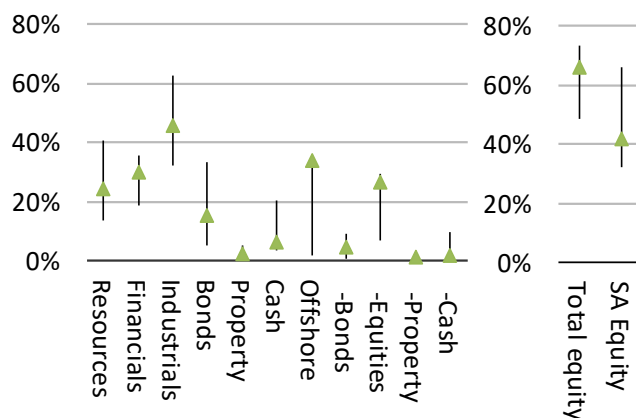
	Equity	Cash	Bonds	Offshore
Do you intend to increase, decrease or maintain your weightings for the next 3 months?				
Increase	31%	6%	25%	44%
Decrease	13%	44%	0%	6%
Maintain	31%	31%	50%	19%
Don't Know	25%	19%	25%	31%
Total	100%	100%	100%	100%
Net near-term buyers/sellers	19%	-38%	25%	38%
Do you consider your position to be overweight, underweight or neutral relative to your internal benchmark?				
Overweight	44%	44%	38%	13%
Underweight	25%	38%	25%	50%
Neutral	31%	19%	25%	19%
Don't Know	0%	0%	13%	19%
Total	100%	100%	100%	100%
Net overweight/underweight	19%	6%	13%	-38%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 25: Asset allocation

Total cash levels 8% (8%). Local 6% (6%). Total equity 66% (67%)

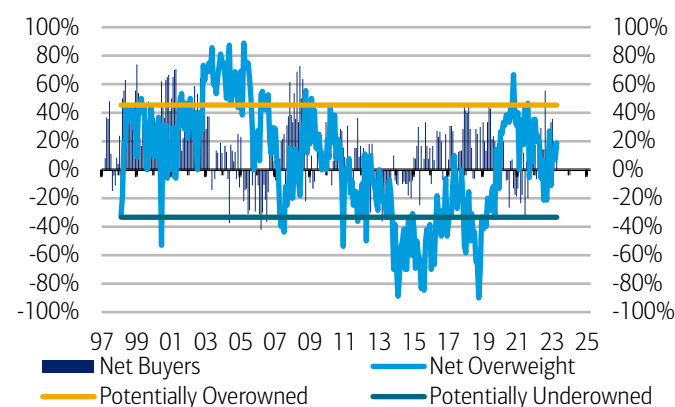


Source: BofA Global Research, South Africa Fund Manager Survey
Bars represent high and low median values through time

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Exhibit 26: Q1. Is your SA equity position ow, uw or neutral relative to internal benchmarks? Q2. Will you increase, decrease or maintain your weight for the next 3Ms?

Overweight. Buyers



Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 27: South African equities

More overweight. More buyers

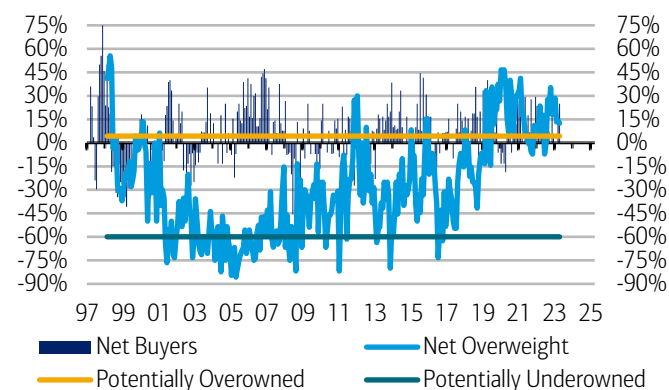
	Feb	Jan	Dec
Q1. Is your equity position OW, UW or neutral relative to internal benchmarks?			
Overweight	44%	43%	47%
Underweight	25%	36%	33%
Neutral	31%	21%	20%
Don't know	0%	0%	0%
Total	100%	100%	100%
Net overweight/underweight	19%	7%	13%
Q2. Do you intend to increase, decrease or maintain that weighting for the next three months?			
Increase	31%	14%	33%
Decrease	13%	14%	13%
Maintain	31%	50%	40%
Don't know	25%	21%	13%
Total	100%	100%	100%
Net buyers/sellers	19%	0%	20%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 28: Q1. Is your SA bond position ow, uw or neutral relative to internal benchmarks? Q2 Will you increase, decrease or maintain +3Ms?

Overweight. Buyers



Source: BofA Global Research, South Africa Fund Manager Survey

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South African bonds:

Managers remain overweight (elevated relative to history).

Firmer buyers. No sellers (two months in a row)

Exhibit 29: South African bonds

Steady overweight; more buyers

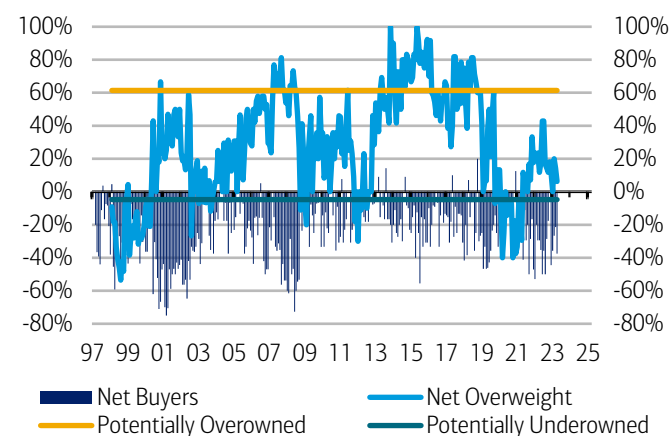
	Feb	Jan	Dec
Q1. Is your bond position OW, UW or neutral relative to internal benchmarks?			
Overweight	38%	36%	47%
Underweight	25%	21%	33%
Neutral	25%	21%	13%
Don't know	13%	21%	7%
Total	100%	100%	100%
Net overweight/underweight	13%	14%	13%
Q2. Do you intend to increase, decrease or maintain that weighting for the next three months?			
Increase	25%	14%	20%
Decrease	0%	0%	20%
Maintain	50%	50%	40%
Don't know	25%	36%	20%
Total	100%	100%	100%
Net buyers/sellers	25%	14%	0%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 30: Q1. Is your cash position ow, uw or neutral relative to internal benchmarks? Q2. Will you increase, decrease or maintain your weight for the next three months?

Overweight. Investing



Source: BofA Global Research, South Africa Fund Manager Survey

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Cash

Fewer managers overweight: a tussle on the view. Firm investors

Exhibit 31: South Africa cash

Fewer overweight – a trend. More want to invest cash

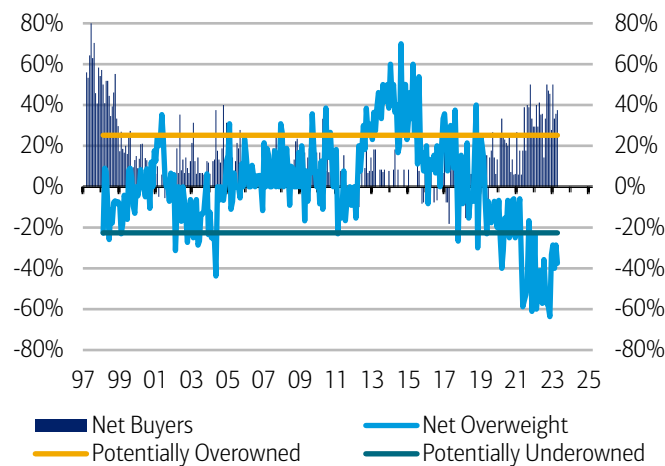
	Feb	Jan	Dec
Q1. Is your cash position OW, UW or neutral relative to internal benchmarks?			
Overweight	44%	36%	47%
Underweight	38%	21%	27%
Neutral	19%	36%	27%
Don't know	0%	7%	0%
Total	100%	100%	100%
Net overweight/underweight	6%	14%	20%
Q2. Do you intend to increase, decrease or maintain that weighting over the next three months?			
Increase	6%	7%	7%
Decrease	44%	29%	33%
Maintain	31%	36%	47%
Don't know	19%	29%	13%
Total	100%	100%	100%
Net buyers/sellers	-38%	-21%	-27%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 32: Q1. Is your offshore position ow, uw or neutral relative to internal benchmarks? Q2. Will you increase, decrease or maintain your weight for the next three months?

Underweight. Buyers



Source: BofA Global Research, South Africa Fund Manager Survey

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Offshore assets:

More managers underweight this month. Strong buying intentions persist +3M. Scope to ultimately invest offshore c. 8% (target likely c.42% of AUM)

Exhibit 33: Overseas investment

More underweight: steady and firm buyers (46Ms in a row). Few sellers

	Feb	Jan	Dec
Q1. Is your offshore position OW, UW or neutral relative to internal benchmarks?			
Overweight	13%	14%	13%
Underweight	50%	43%	53%
Neutral	19%	21%	20%
Don't know	19%	21%	13%
Total	100%	100%	100%
Net overweight/underweight	-38%	-29%	-40%
Q2. Do you intend to increase, decrease or maintain that weighting for the next three months?			
Increase	44%	36%	33%
Decrease	6%	0%	0%
Maintain	19%	21%	40%
Don't know	31%	43%	27%
Total	100%	100%	100%
Net buyers/sellers	38%	36%	33%

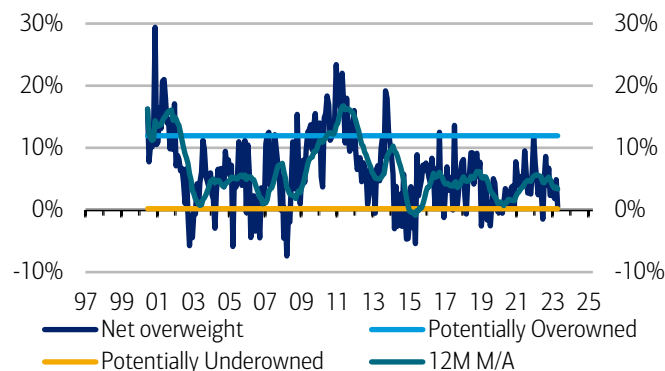
Source: BofA Global Research, South Africa Fund Manager Survey

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Sector allocation

Exhibit 34: Are you ow/uw chemicals to internal benchmarks?

Neutral



Source: BofA Global Research, South Africa Fund Manager Survey

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Chemicals:

Manager overweight fades. A tussle on the views. Positioning is low relative to history

Exhibit 35: Chemicals

Positioning falls on outlook

Q1. Are you OW or UW oil and gas relative to internal benchmarks?

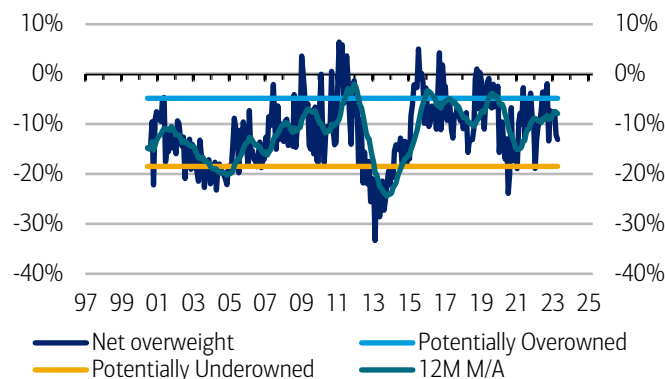
	Feb	Jan	Dec
Overweight	4%	7%	6%
Underweight	3%	2%	4%
Net overweight/underweight	0%	5%	2%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 36: Are you ow/uw gold mining to internal benchmarks?

Underweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Gold:

More managers underweight (#1 ranked UW by manager, by sector)

Exhibit 37: Gold Mining

More out of favour

Q1. Are you OW or UW gold mining relative to internal benchmarks?

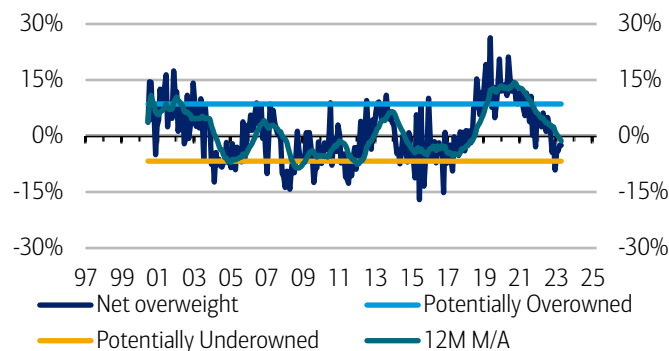
	Feb	Jan	Dec
Overweight	4%	2%	4%
Underweight	17%	15%	12%
Net overweight/underweight	-13%	-12%	-8%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 38: Are you ow/uw platinum relative to internal benchmarks?

Underweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Platinum:

Managers remain underweight. Tussle on the outlook remains

Exhibit 39: Platinum

Underweight off recent lows

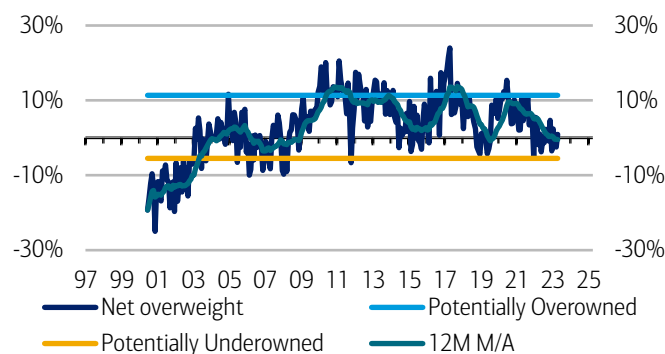
	Feb	Jan	Dec
Q1. Are you OW or UW platinum relative to internal benchmarks?			
Overweight	8%	10%	8%
Underweight	10%	12%	12%
Net overweight/underweight	-2%	-2%	-4%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 40: Are you ow/uw metals/min. to internal benchmarks?

Overweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Metals & mining:

Managers move overweight but a tussle on the views. Rising off Covid-19 (2020) and China hard landing fear (2015/16) levels

Exhibit 41: Metals & Mining

Steady positioning

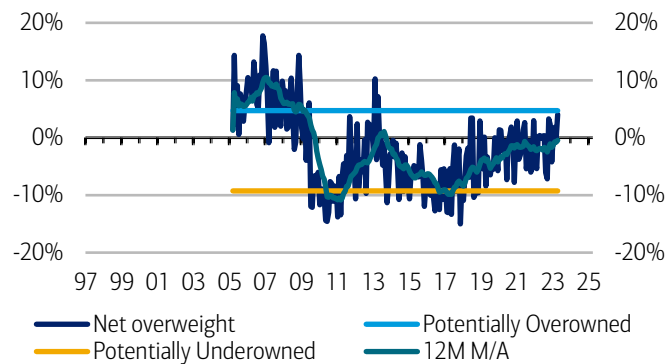
	Feb	Jan	Dec
Q1. Are you OW or UW general mining relative to internal benchmarks?			
Overweight	8%	7%	9%
Underweight	7%	10%	12%
Net overweight/underweight	1%	-2%	-2%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 42: Are you ow/uw 'heavy' industrials to your benchmarks?

Overweight



Source: BofA Global Research, South Africa Fund Manager Survey

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'Heavy' industrials (construction, general industrials and transport):

Managers back to overweight again. Elevated versus history

Exhibit 43: 'Heavy' Industrials

The tussle on positioning last month fades

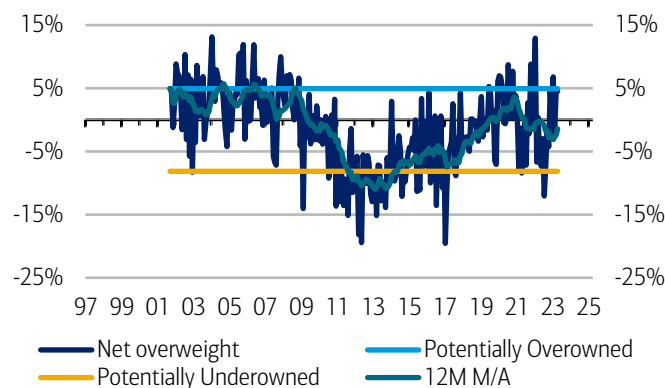
	Feb	Jan	Dec
Q1. Are you OW or UW heavy' industrials relative to internal benchmarks			
Overweight	6%	5%	6%
Underweight	2%	5%	4%
Net overweight/underweight	4%	0%	2%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 44: Are you ow/uw Retail & Food Prod. to your benchmark?

Overweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Retailers & food producers:

Managers remain overweight. Elevated versus history

Exhibit 45: Retailers & Food Producers

Managers steady overweight

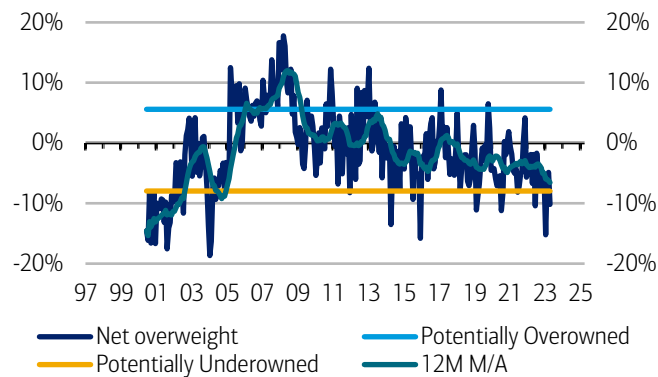
	Feb	Jan	Dec
Q1. Are you OW or UW retail/food producers relative to internal benchmarks?			
Overweight	10%	10%	6%
Underweight	5%	5%	8%
Net overweight/underweight	5%	5%	-2%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 46: Are you ow/uw telecoms to internal benchmarks?

Underweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Telecommunications:

Managers more underweight (#3 UW ranked by sector). No manager is overweight this month

Exhibit 47: Telecommunications

Positioning worsening and low relative to history

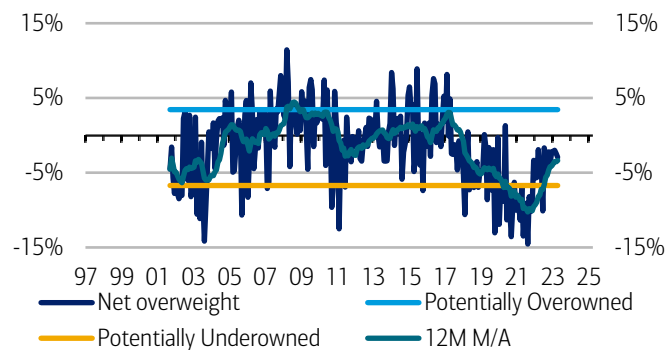
	Feb	Jan	Dec
Q1. Are you OW or UW telecommunications relative to internal benchmarks?			
Overweight	0%	5%	0%
Underweight	10%	10%	6%
Net overweight/underweight	-10%	-5%	-6%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 48: Are you ow/uw personal goods to internal benchmarks?

Underweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Personal goods:

Macro slowdown supports the underweight

Exhibit 49: Personal Goods

Steady positioning

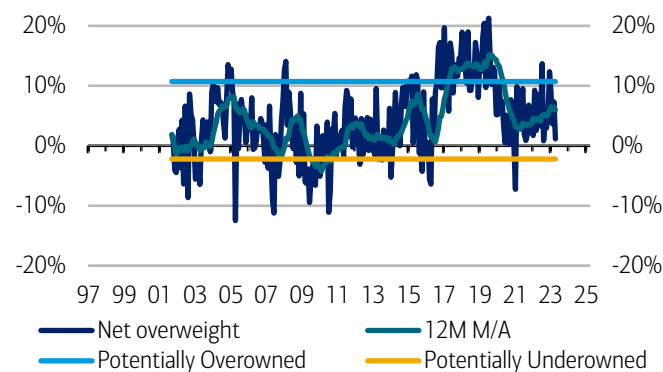
	Feb	Jan	Dec
Q1. Are you OW or UW personal goods relative to internal benchmarks?			
Overweight	4%	2%	4%
Underweight	7%	5%	6%
Net overweight/underweight	-3%	-2%	-2%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 50: Are you ow/uw bev. & tobacco to your benchmarks?

Overweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Beverages & tobacco:

Fewer managers overweight: a tussle on the views

Exhibit 51: Beverages & Tobacco

Choppy positioning fading

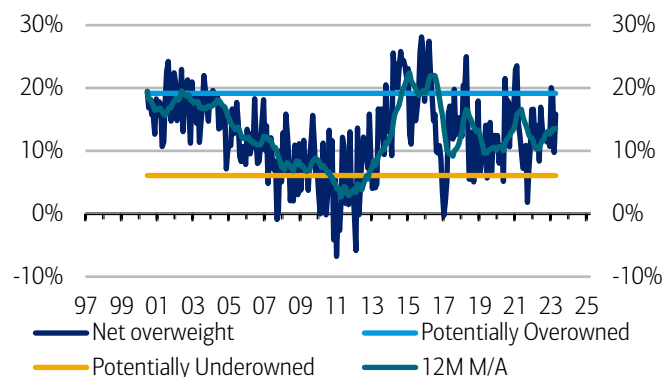
	Feb	Jan	Dec
Q1. Are you OW or UW beverages & tobacco relative to internal benchmarks?			
Overweight	10%	12%	9%
Underweight	8%	5%	6%
Net overweight/underweight	1%	7%	4%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 52: Are you ow/uw banks & IBK/brokers to your benchmarks?

Overweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Banks, IBK & brokerages:

More managers overweight this month (defensive): still #1 OW ranked by sector

Exhibit 53: Banks and IBK & Brokerages

Strong positioning

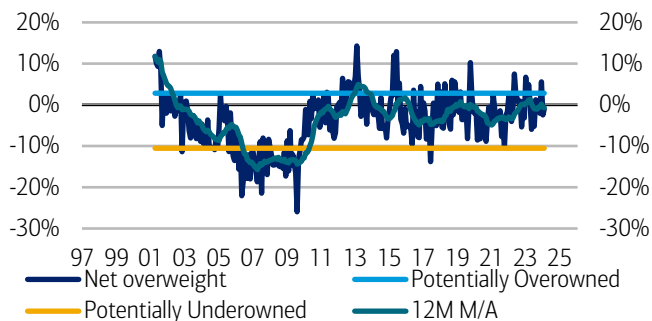
	Feb	Jan	Dec
Q1. Are you OW or UW banks and general financials relative to internal benchmarks?			
Overweight	19%	15%	21%
Underweight	3%	5%	2%
Net overweight/underweight	16%	10%	19%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 54: Are you ow/uw life insurance to internal benchmarks?

Underweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Life insurance:

Managers less underweight: a tussle on the views this month

Exhibit 55: Life Insurance

Overweight falls from December

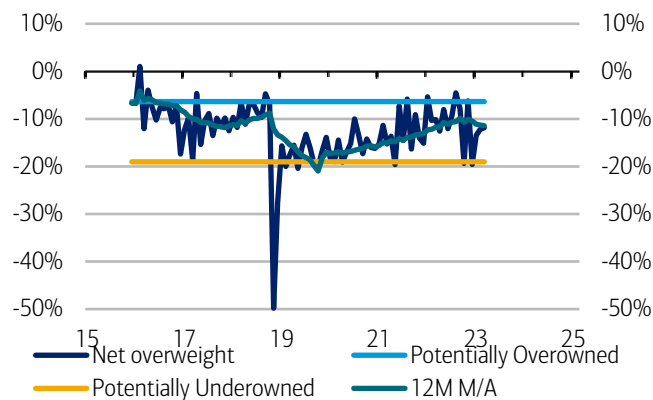
	Feb	Jan	Dec
Q1. Are you OW or UW life insurance relative to internal benchmarks?			
Overweight	6%	2%	9%
Underweight	7%	5%	4%
Net overweight/underweight	-1%	-2%	6%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 56: Are you ow/uw real estate to internal benchmarks?

Underweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Real estate:

Managers remain underweight (#2 UW ranked by sector).
No manager is overweight**Exhibit 57: Real Estate**

Steady underweight

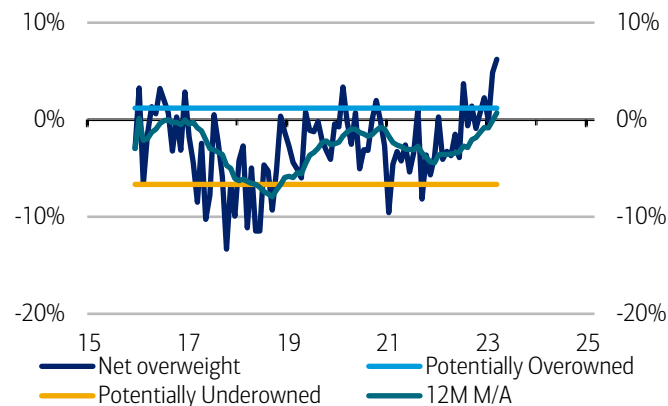
	Feb	Jan	Dec
Q1. Are you OW or UW real estate relative to internal benchmarks?			
Overweight	0%	2%	2%
Underweight	12%	15%	15%
Net overweight/underweight	-12%	-12%	-13%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 58: Are you ow/uw software relative to internal benchmarks?

Overweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Software:

By manager, a record survey overweight (#3 OW ranked by sector)

Exhibit 59 Software

Global tech sentiment positive and value unlock proposition. A rising trend

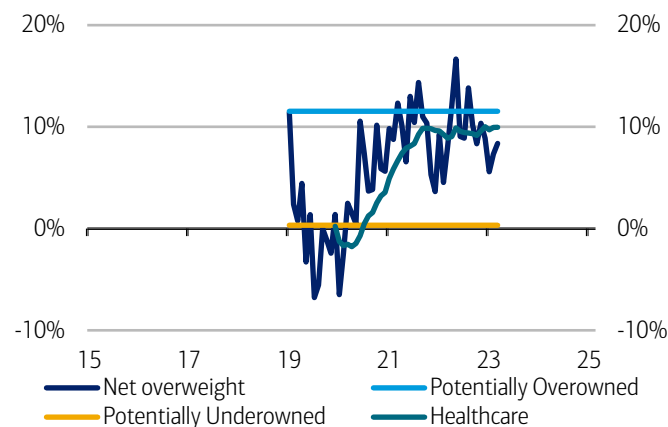
	Feb	Jan	Dec
Q1. Are you OW or UW software relative to internal benchmarks?			
Overweight	10%	10%	8%
Underweight	3%	5%	8%
Net overweight/underweight	6%	5%	0%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 60: Are you ow/uw healthcare to internal benchmarks?

Overweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Healthcare

Steadily rising number of managers overweight (#2 OW ranked by sector)

Exhibit 61: Healthcare

Improving trend

	Feb	Jan	Dec
Q1. Are you OW or UW software relative to internal benchmarks?			
Overweight	13%	10%	9%
Underweight	5%	2%	4%
Net overweight/underweight	8%	7%	6%

Source: BofA Global Research, South Africa Fund Manager Survey

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Bulls and bears (12-month view)

Exhibit 62: Three favourite and least favoured sectors +12Ms?

Standouts: resources, industrials, banks, gold, food producers

Sector	Favoured	Least Favoured	Net Bulls		
	Feb	Feb	Feb	Jan	Dec
Resources	15.6	37.8	-22.2	-24.2	-23.8
Financials	28.9	20.0	8.9	6.1	19.0
Industrials	55.6	42.2	13.3	18.2	4.8
Gold	2.2	15.6	-13.3	-18.2	-14.3
Platinum	6.7	11.1	-4.4	0.0	-2.4
Metals & mining	6.7	4.4	2.2	0.0	-2.4
Chemicals	0.0	6.7	-6.7	-6.1	-4.8
Banks	20.0	2.2	17.8	15.1	26.2
Life insurance	4.4	8.9	-4.4	0.0	2.4
IBK, Brokers	0.0	0.0	0.0	0.0	0.0
Real estate	4.4	8.9	-4.4	-9.1	-9.5
Beverages	2.2	6.7	-4.4	-3.0	0.0
General industrials	6.7	2.2	4.4	9.1	4.8
Personal goods	0.0	0.0	0.0	-3.0	2.4
Food producers	11.1	2.2	8.9	9.1	0.0
Retailers	11.1	4.4	6.7	6.1	-2.4
Software	6.7	2.2	4.4	6.1	4.8
Tobacco	4.4	8.9	-4.4	3.0	0.0
Transportation	0.0	0.0	0.0	0.0	0.0
Care, drug, grocery	4.4	6.7	-2.2	-3.0	0.0
Telecoms	0.0	6.7	-6.7	-12.1	-7.1
Healthcare	8.9	2.2	6.7	6.1	2.4
Total	100.0	100.0	0.0	0.0	0.0

Source: BofA Global Research, South Africa Fund Manager Survey

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On a 12-month view, resources remain out of favour. Financials gain over Industrials

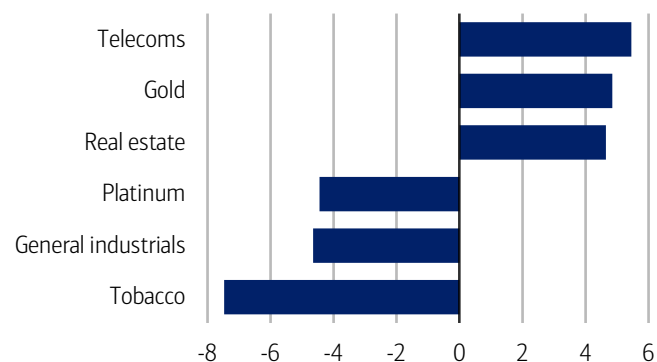
Within resources, gold is least preferred (gaining ground). A bearish resource tone again this month (resource index finding a bottom), although managers have turned marginal net bulls of metals & mining

Within financials, banks are #1 preferred. Real estate less out of favour

In the industrial sector, food producers, healthcare and retailers are favoured. Telecoms are still the least favoured, although gaining some ground over last month

Exhibit 63: Largest +12M sector preference moves (Jan - Feb)

Out-of-favour sectors gain ground



Source: BofA Global Research, South Africa Fund Manager Survey

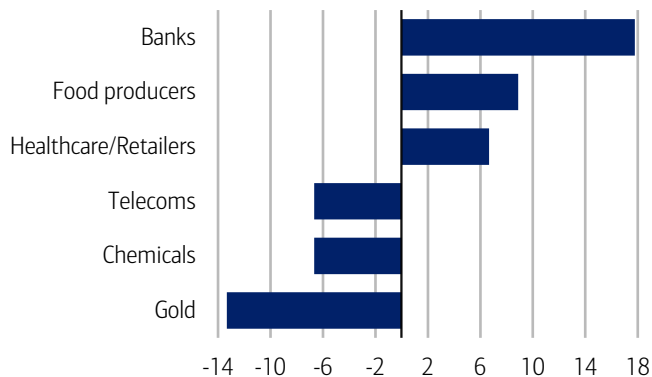
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Extreme scores are sometimes contrarian relative to the All-Share on a three-month view

On +12Ms, unusually, more focus on the least preferred sectors

Exhibit 64: Top and bottom +12M sector preferences (current view)

Banks #1



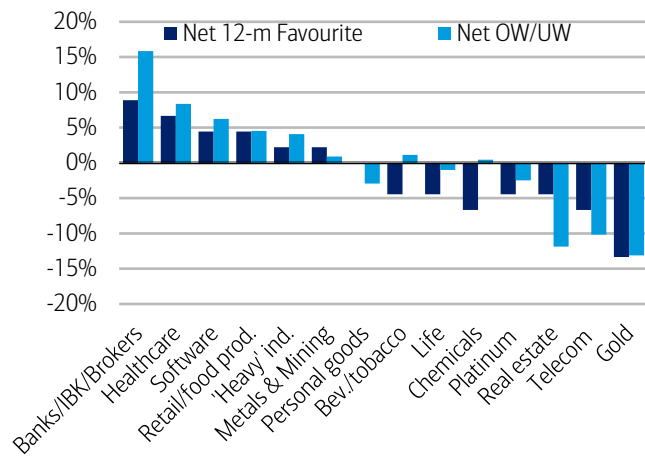
Source: BofA Global Research, South Africa Fund Manager Survey

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Domestics over resources

Exhibit 65: Sector favourites and positioning

Banks #1



Source: BofA Global Research, South Africa Fund Manager Survey

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Sectors on the left are popular; on the right disliked

Based on various **broad measures** (average of 'net 12M favourite' and 'net OW/UW') banks are most **preferred**. Gold is **least preferred**

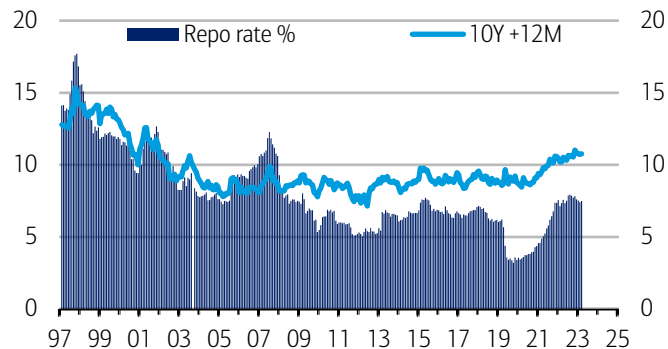
Banks, metals & mining and real estate experienced the largest **positive gains**; beverages & tobacco, chemicals and platinum, the **largest falls**

Conviction is low across sectors, except for banks and gold

Economic outlook: 12-month view

Exhibit 66: Q1. What is your forecast for the repo & 10Y +12Ms?

Forecast gap narrows a touch



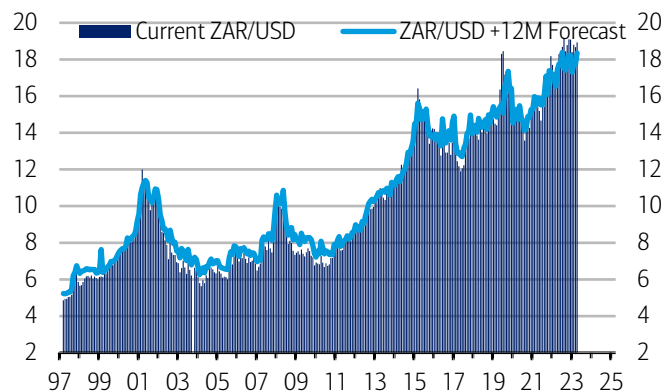
Source: BofA Global Research, South Africa Fund Manager Survey

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Managers' repo forecast over the next 12 months rises to 7.50% (7.42%). The R2035 bond yield forecast moved slightly higher to 10.77% (10.73%)

Exhibit 67: What is your forecast for the rand/US\$ exchange rate +12M?

ZAR forecast change in Feb -3.4% (Jan +0.3%)



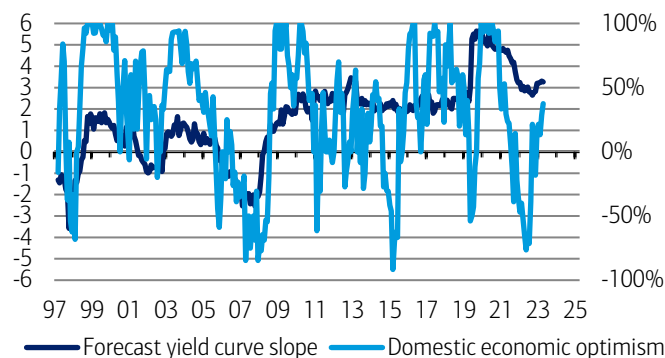
Source: BofA Global Research, South Africa Fund Manager Survey

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The 12-month rand forecast weakened to ZAR18.35/US\$ (ZAR17.73/US\$)

Exhibit 68: Economic optimism & forecast YC slope (10Y-repo, LHS)

Yield curve forecast steady; growth expectations improve slightly



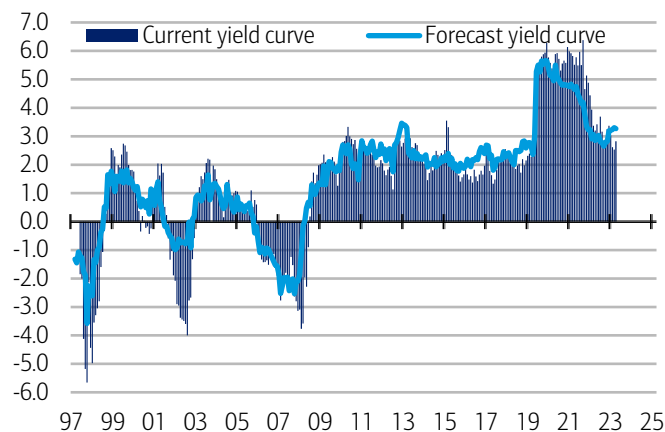
Source: BofA Global Research, South Africa Fund Manager Survey

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Economic optimism more positive. +12M yield curve forecast eases 3bps (10Y yield 4bps; repo +8bps). South Africa, 'we still have a major problem': a US & China soft landing H1 2024, firm dollar, low growth, loadshedding, weak logistic infrastructure and a rising debt path

Exhibit 69: Current and forecast yield curve slope (YC)

Forecast slope falls 3bps to 327bps steep (actual 282bps: +29bps)



Source: BofA Global Research, South Africa Fund Manager Survey

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Forecast yield curve slope steadies again, after a long unwind from 565bps steep in July 2020. S. Africa fiscal dominance headwinds. Worrisome Budget 21st February

Exhibit 70: South African macroeconomic forecasts

Rates forecasts slightly higher; ZAR weaker

	12-month forecast		
	Feb	Jan	Dec
Repo rate (%)	7.50	7.42	7.53
10-year benchmark bond yield (%)	10.77	10.73	10.77
Rand/US dollar	18.35	17.73	17.77

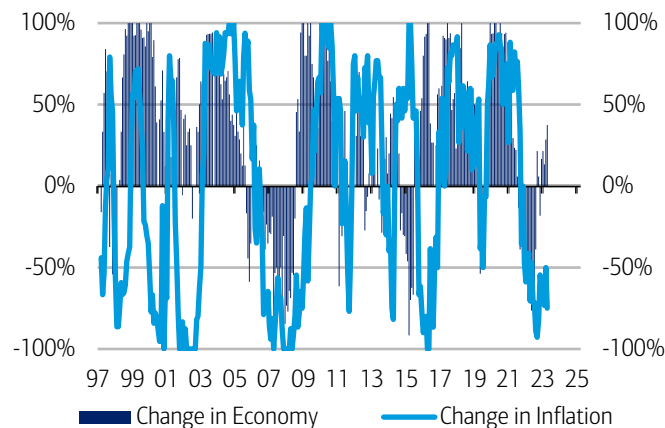
Source: BofA Global Research, South Africa Fund Manager Survey

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+12Ms managers expect a firmer ZAR, lower bond yields and lower repo rate (from today)

Exhibit 71: How will the economy and inflation develop +12M?

More positive on economic growth. More positive on lower inflation



Source: BofA Global Research, South Africa Fund Manager Survey

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Economic growth expectations improve again. More managers expect 'slightly lower' inflation

Exhibit 72: Domestic economy and inflation expectations over the next 12 months

Growth expectations more positive (a trend); more managers expect 'slightly lower' inflation

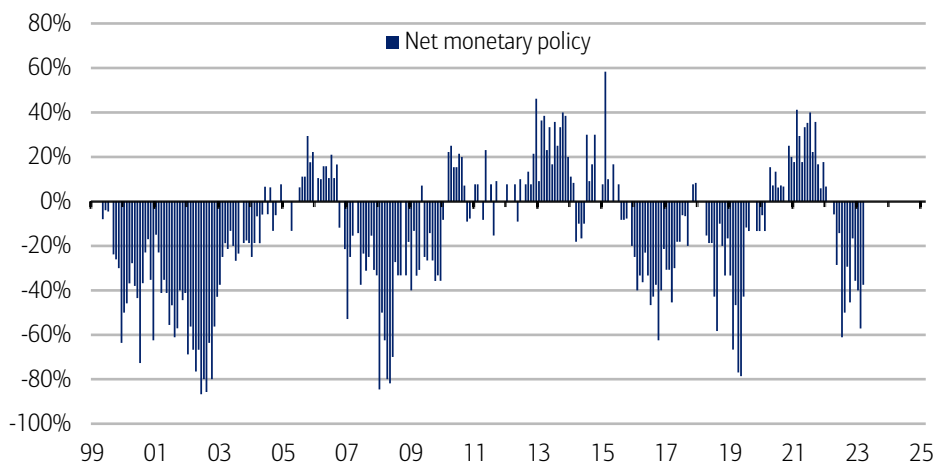
	Feb	Jan	Dec
Q1. How do you think the economy will develop over the next 12 months?			
Get a lot stronger	6%	0%	0%
Get a little stronger	44%	50%	40%
Stay the same	38%	29%	27%
Get a little weaker	13%	21%	27%
Get a lot weaker	0%	0%	0%
Don't know	0%	0%	7%
Total	100%	100%	100%
Net stronger/weaker	38%	29%	13%
Q2. How do you think the core inflation rate will change in the next 12 months?			
A lot higher	0%	0%	0%
Slightly higher	6%	7%	7%
Unchanged	13%	36%	13%
Slightly lower	81%	57%	73%
A lot lower	0%	0%	7%
Don't know	0%	0%	0%
Total	100%	100%	100%
Net higher/lower	-75%	-50%	-73%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 73: Is monetary policy too restrictive, stimulative, about right?

Policy seen 'about right' this month ('too restrictive' last month)



Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 74: Monetary policy (stimulative minus restrictive)

Consensus now 'about right'

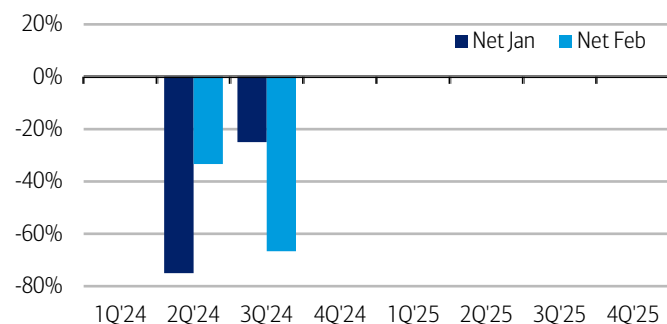
	Feb	Jan	Dec
Do you think South Africa's monetary policy is currently...?			
Too stimulative	0%	0%	0%
About right	63%	36%	60%
Too restrictive	38%	57%	40%
Don't know	0%	7%	0%
Total	100%	100%	100%
Net stimulative/restrictive	-38%	-57%	-40%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 75: Net interest rate expectations compared to last month

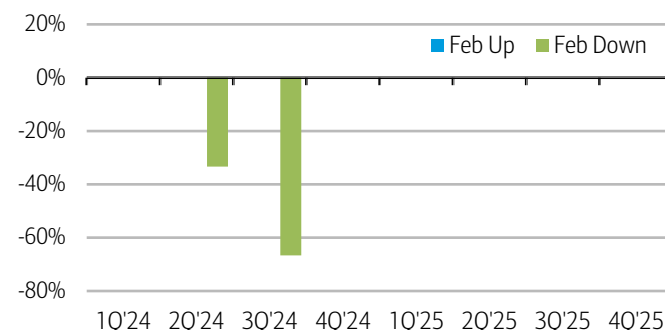
Feb net down -100% (Jan net down -100%)



Source: BofA Global Research, South Africa Fund Manager Survey. Note: percentages based on only those managers who expect a rate move over the forecast period (>0 net up; <0 net down)
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Exhibit 76: What do you think the next repo rate move will be?

67% (25%) 'Down' responses in Q3 '24

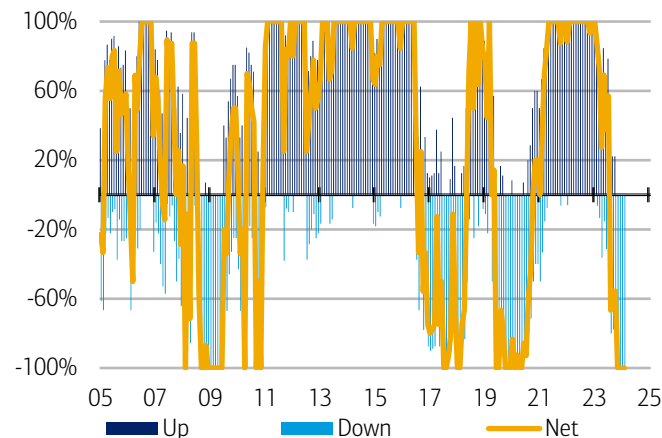


Source: BofA Global Research, South Africa Fund Manager Survey. Note: percentages based on only those managers who expect a rate move over the forecast period

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Exhibit 77: Managers prediction for next interest rate move +8Qs?

A cut



Source: BofA Global Research, South Africa Fund Manager Survey

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Almost all managers surveyed expect the next repo rate move to be a cut (consensus in Q3 2024 – last month, Q2)

Exhibit 78: What do you think the next repo rate move will be over the next eight quarters?

Down

	Feb	Jan	Dec
Up	0%	0%	14%
Down	93%	93%	79%
Flat	7%	7%	7%
Don't Know	0%	0%	0%
Total	100%	100%	100%

Source: BofA Global Research, South Africa Fund Manager Survey

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Disclosures

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