

South Africa Fund Manager Survey

Strong, patient, equity bulls

Equity Strategy

#317*. Managers remain equity bulls; stronger cash bears

Market +12Ms: All-Share index 81k (82k Feb). **Total returns:** equities 15%, R2035 20%, cash 9%. A higher net 47% (38%) of managers are cash bears. +12M net equity bulls strong at 60% (63% last month). Steady bond bulls. Survey responses support higher equity returns, on average. A net 67% (69%) say equities are undervalued (same for bonds): 80% see stock buys. Telecoms out of favour. Political risks rising (Exhibit 2).

Market risks: 'policy shifts to the left', 'weak EPS'

On 12Ms, a net 53% (38%) expect the economy to get 'a little stronger'; a fewer net 67% (75%) expect inflation 'slightly lower'. USDZAR forecast +12M at 17.88 (18.35); repo & R2035 at 7.46% (7.50%) & 10.93% (10.77%), respectively. Eighty-seven percent (67%) expect the first repo cut in Q3 '24 (13% say a cut in Q2).

Domestic equities in focus. Tilt towards rate-sensitives

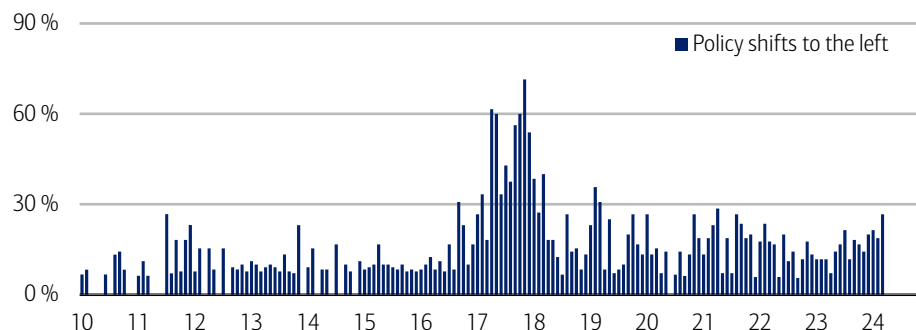
A higher net 80% (75%) would OW domestic stocks +12Ms. A higher net 40% (31%) believe the consumer 'has seen the worst of the impact of high interest rates & inflation on spending'. Yet a lowly net 7% say it is 'not too early to buy interest rate sensitives'.

OW equities, banks, bonds, cash, healthcare, ZAR hedges

+3Ms 40% want to invest cash (no managers wants to raise cash): lower net 13% (38%) want to invest offshore; 13% (19%) into local equities. Offshore weight 33%; 9% of local assets to invest abroad. Most preferred +12Ms: banks, software, (apparel) retailers; least, telecoms, beverages, gold, chemicals. ZAR hedges (+gold) gain over telecoms.

Exhibit 2: What is your biggest domestic risk to South African equity performance?

Joint #1: Weak EPS & political shifts to the left (rising leadership concerns: less elevated than 2017)



Source: BofA Global Research, SA FMS March 2024. Chart above = share of votes. *Edition #317 – 26th Anniversary year

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Refer to important disclosures on page 27 to 28.

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19 March 2024

Investment Strategy
South Africa

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Data
Analytics



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Exhibit 1: Positioning: 1ow - 5uw

#1 bonds, #5 offshore. Tech #1; Telecom #5

Relative to history	Mar	Feb	OW/UW
Bonds	ft1	1	ow
Equities	2	3	ow
Cash	fs4	4	ow
Offshore	5	5	uw
Chemicals	5	4	ow
Gold	3	3	uw
Platinum	3	3	uw
Metals & mining	3	3	ow
Banks & IBK/Brokers	2	3	ow
Life	3	3	uw
'Heavy' industrials	3	2	n
Retail/Food producers	2	2	ow
Telecoms	5	5	uw
Personal goods	2	3	ow
Beverages & Tobacco	3	3	ow
Real estate	2	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 8th and 14th March 2024. It incorporates the views of 15 managers.
- *This is Edition #317, 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.

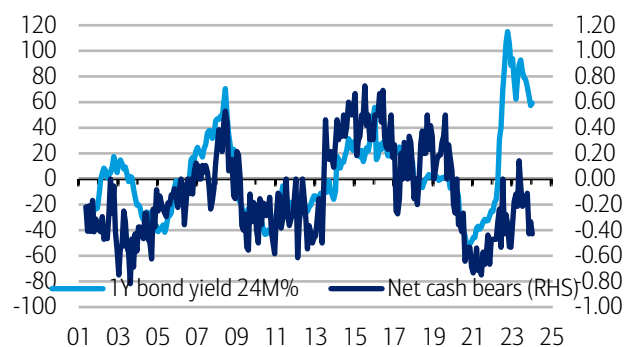
Ipsos begins fieldwork on the day the U.S. payroll data is released. Fieldwork continues through the following week and is closed on the following Thursday.

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

More 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:

VIX, gold & copper gain: All-Share index and bonds fall

FTSE/JSE All-Share (73,341: 14^h Mar)

FTSE/JSE Resources	+4.1%
FTSE/JSE Findi	-2.1%
USDZAR	+1.3%
SA generic 10y Bond (bps)	+41bps (11.67%)
Gold Bullion (US\$)	+8.5%
Crude Oil-Brent (US\$)	+4.6%
Copper (US\$)	+8.5%
VIX	+12.6%

Source: BofA Global Research, IRESS

Capital return Feb-Mar'24 survey closing dates

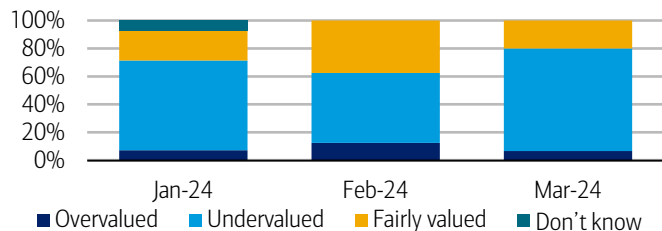
Findi = Financial & Industrial index: All-Share ex-resources

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Special Questions

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

Undervalued



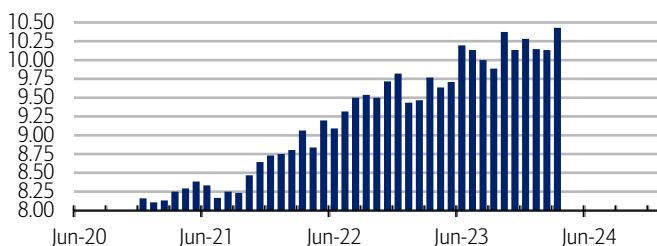
Source: BofA Global Research, South Africa Fund Manager Survey

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Sixty-seven percent of managers (38%) say bonds are undervalued: 58Ms of undervaluation in a row. Sixty-seven percent (69%) say equities are undervalued: 73% (75%) see more 'Buy' opportunities than 'Sells'

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

10.43%. 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 at peak. Managers would sell the R2035 at 10.43%. R2035 11.67% (11.55%) during the survey period

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

Up

%	Mar-24	Feb-24	Jan-24
Up	73%	63%	50%
Down	7%	19%	21%
Flat	0%	13%	7%
Don't know	20%	6%	21%
Net Up/Down	67 %	44 %	29 %
Total	100%	100%	100%

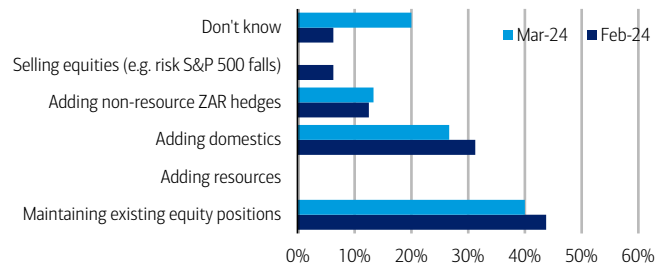
Source: BofA Global Research, South Africa Fund Manager Survey

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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



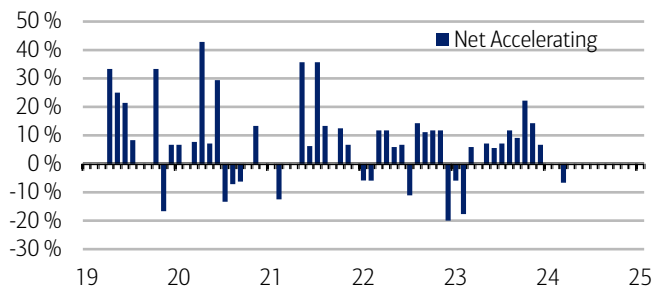
Source: BofA Global Research, South Africa Fund Manager Survey

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Managers maintaining positions. Adding to domestics. No manager is adding to resources (five months in a row), despite the index falling c. 9% over this period (29% in the past 14Ms)

Exhibit 9: Do you see government reform?

No



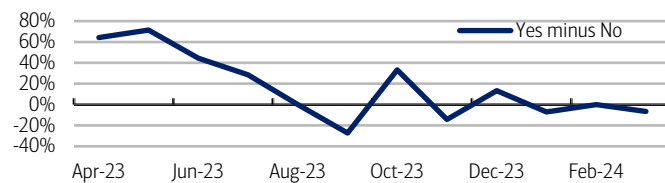
Source: BofA Global Research, South Africa Fund Manager Survey

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Net 7% of managers see 'reform slowing'. 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). A long-term rising debt profile

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

No



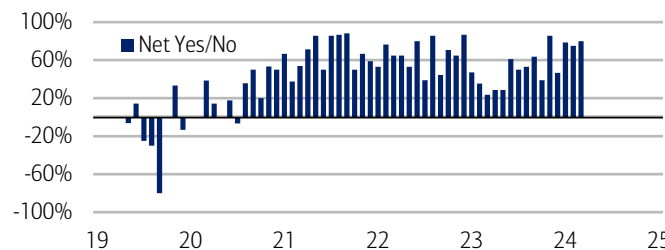
Source: BofA Global Research, South Africa Fund Manager Survey

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This month, a net 7% of managers say 'No'; last month a 50/50 response

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

Yes



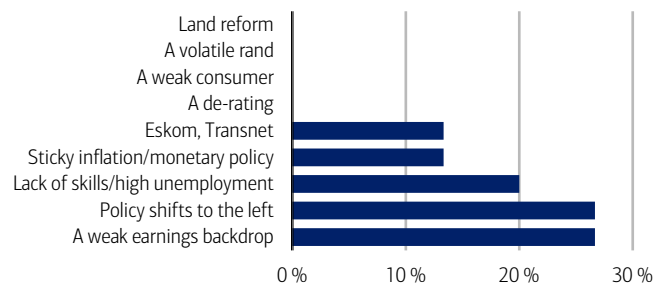
Source: BofA Global Research, South Africa Fund Manager Survey

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A higher net 80% (75%) 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..?

Weak earnings & rising populism



Source: BofA Global Research, South Africa Fund Manager Survey

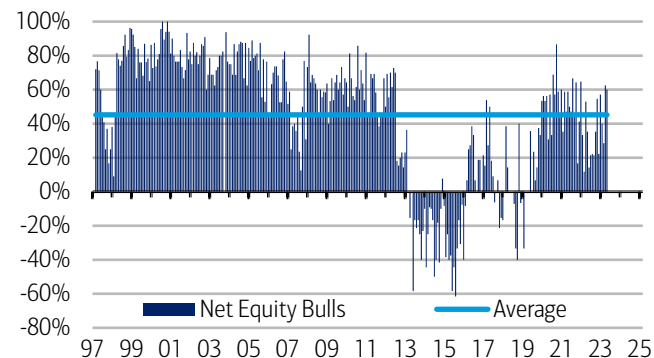
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Joint #1: 'Policy shifts to the left' and 'weak earnings'

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

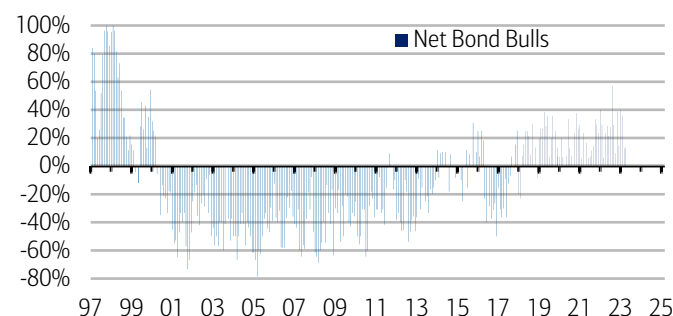
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South African equities:

Strong equity bulls again this month (+60% vs. +63%)

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

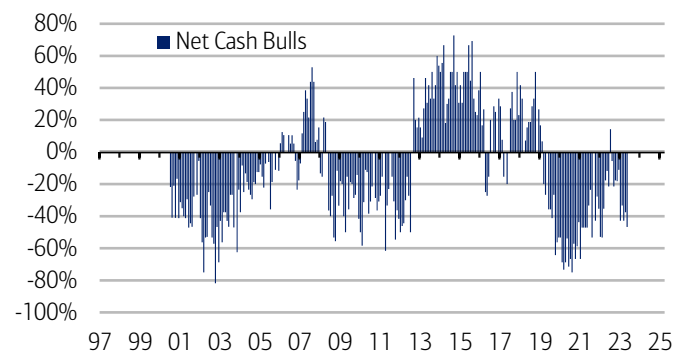
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South African bonds:

Similar bond bulls this month (+13% vs. +13%); 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:

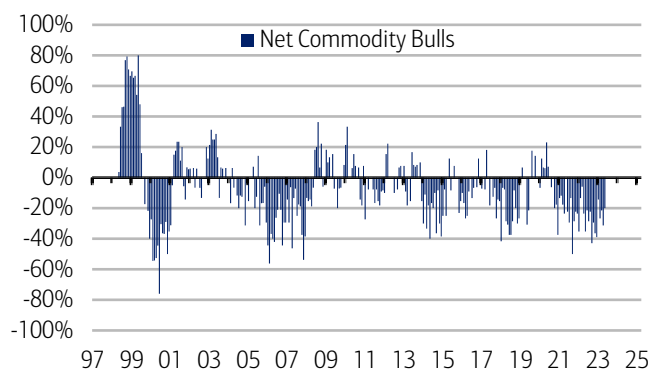
More managers bearish cash (-47% vs. -38%). Supportive equity returns +12Ms, on average

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

Bearish

Commodities:

Fewer bears (-20% vs. -31%). 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?

Strong equity bulls. More bearish cash and less bearish commodities

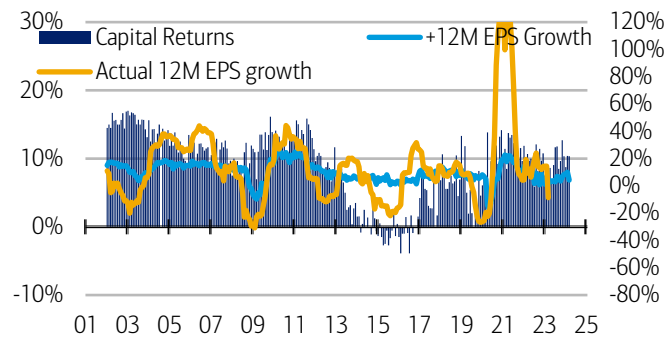
	Mar	Feb	Jan
Most bullish			
South African equities	67%	69%	43%
South African bonds	20%	19%	43%
Cash	13%	13%	14%
Commodity prices	0%	0%	0%
Don't know	0%	0%	0%
Total	100%	100%	100%
Most bearish			
South African equities	7%	6%	14%
South African bonds	7%	6%	7%
Cash	60%	50%	57%
Commodity prices	20%	31%	21%
Don't know	7%	6%	0%
Total	100%	100%	100%
Net Bulls			
South African equities	60%	63%	29%
South African bonds	13%	13%	36%
Cash	-47%	-38%	-43%
Commodity prices	-20%	-31%	-21%

Source: BofA Global Research, South Africa Fund Manager Survey

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

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



Source: BofA Global Research, South Africa Fund Manager Survey

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Expected +12M equity capital return +10%. EPS growth lower at 4% (10%)

Exhibit 19: Capital return and EPS growth

Double-digit capital returns; single-digit earnings growth

Steady equity capital returns at +10%. Range narrows -10% to +15%

	Mar	Feb	Feb
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%	0%	6%	0%
Minus 10%	7%	0%	7%
Minus 5%	0%	6%	0%
Zero	0%	0%	0%
Plus 5%	13%	0%	14%
Plus 10%	27%	25%	43%
Plus 15%	47%	31%	21%
Plus 20%	0%	13%	0%
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	7%	19%	14%
Expected capital return	10.4%	10.4%	8.8%

Q2. What EPS growth 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%	8%	0%	0%
Minus 10%	8%	0%	0%
Minus 5%	0%	0%	0%
Zero	15%	0%	0%
Plus 5%	15%	18%	33%
Plus 10%	54%	64%	56%
Plus 15%	0%	18%	11%
Plus 20%	0%	0%	0%
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	4.2%	10.0%	8.9%

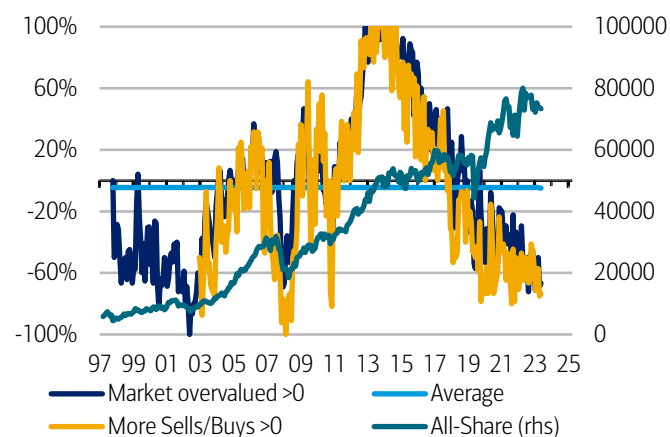
Source: BofA Global Research, South Africa Fund Manager Survey

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Earnings growth +4% (+10%). Wide range (shifts down): -15% to +10%

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 similar net 67% (69%) of managers see the equity market as undervalued; a similar net 73% (75%) see more Buy than Sell opportunities. These responses are supportive equity double digit returns +12M

Exhibit 21: Equity market and Buy vs Sells

Majority see value and 'Buys'

	Mar	Feb	Jan
Q1. The South Africa equity market is:			
Overvalued	7%	6%	7%
Fairly valued	20%	19%	29%
Undervalued	73%	75%	57%
Don't know	0%	0%	7%
Net overvalued	-67%	-69%	-50%
Q2. Buy vs sell opportunities:			
More Buys	80%	88%	71%
More Sells	7%	13%	14%
Don't know	13%	0%	14%
See more Sells than Buys	-73%	-75%	-57%

Source: BofA Global Research, South Africa Fund Manager Survey

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Asset allocation: current and future

Exhibit 22: South African distribution of international funds

Local equity buying; offshore equity selling. Buying bonds

	Mar Hi	Mar Lo	Median	Mar	Feb	Jan
Equity	70	20	42	42	41	43
Resource Stocks	20	4	10	10	10	11
Financial Stocks	26	6	13	13	12	13
Industrial Stocks	31	6	20	19	19	20
Bonds	33	0	14	16	14	14
IL Bonds	7	0	0	1	1	1
Property	6	0	2	3	3	3
Cash	8	1	4	4	6	6
Alternative	5	0	0	1	1	1
Offshore	43	24	34	33	34	32
Overseas Stocks	32	11	24	23	25	24
Overseas Bonds	13	0	5	6	4	3
Overseas IL Bonds	7	0	0	1	1	1
Overseas Property	4	0	0	1	1	1
Overseas Cash	4	0	2	2	2	2
Overseas Alternative	12	0	0	1	1	1

Source: BofA Global Research, South Africa Fund Manager Survey

All-Share weights: Resources 26%, Financials & REITs 31% and Industrials 43% (JSE)

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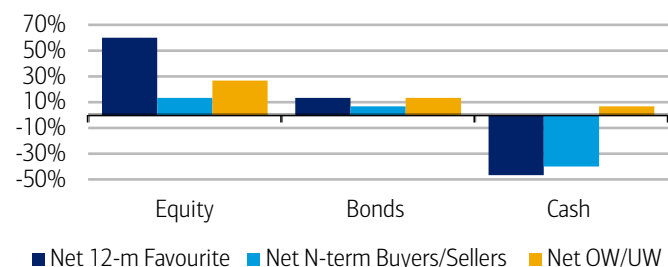
Seventy-seven percent (76%) in financials and industrials in the domestic equity portion of the portfolio

Managers bought local equities (buying financials & industrials; selling resources) and switched cash into bonds. Bought offshore bonds; sold equities

Offshore investments well off regulatory 45% limit at 33% (34%). Target c.42%. Managers say, on average, they would still like to invest c.9% 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 again this month

Exhibit 24: Asset Allocation

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

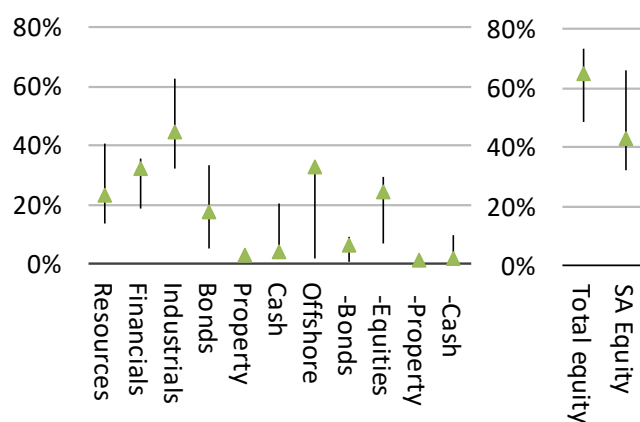
	Equity	Cash	Bonds	Offshore
Do you intend to increase, decrease or maintain your weightings for the next 3 months?				
Increase	27%	0%	27%	27%
Decrease	13%	40%	20%	13%
Maintain	47%	40%	27%	33%
Don't Know	13%	20%	27%	27%
Total	100%	100%	100%	100%
Net near-term buyers/sellers	13%	-40%	7%	13%
Do you consider your position to be overweight, underweight or neutral relative to your internal benchmark?				
Overweight	47%	33%	47%	13%
Underweight	20%	27%	33%	53%
Neutral	33%	33%	7%	20%
Don't Know	0%	7%	13%	13%
Total	100%	100%	100%	100%
Net overweight/underweight	27%	7%	13%	-40%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 25: Asset allocation

Total cash levels 6% (8%). Local 4% (6%). Total equity 65% (66%)



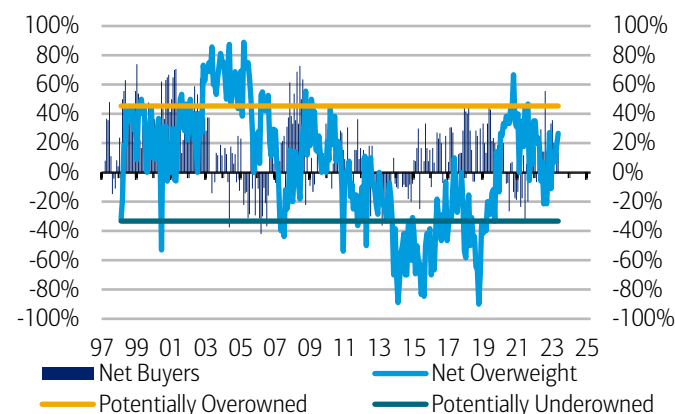
Source: BofA Global Research, South Africa Fund Manager Survey

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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South African equity:

More managers overweight. No longer firm buyers

Exhibit 27: South African equities

More overweight. Fewer buyers

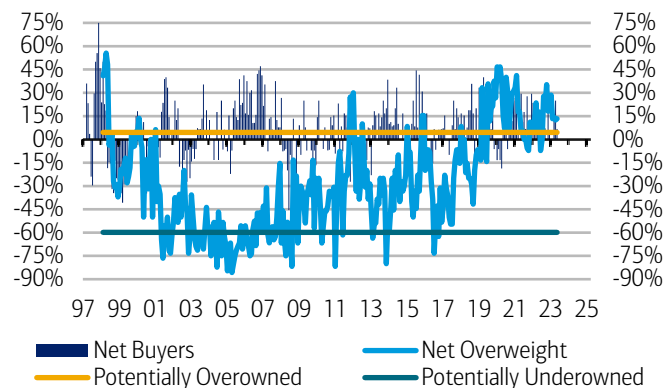
	Mar	Feb	Jan
Q1. Is your equity position OW, UW or neutral relative to internal benchmarks?			
Overweight	47%	44%	43%
Underweight	20%	25%	36%
Neutral	33%	31%	21%
Don't know	0%	0%	0%
Total	100%	100%	100%
Net overweight/underweight	27%	19%	7%
Q2. Do you intend to increase, decrease or maintain that weighting for the next three months?			
Increase	27%	31%	14%
Decrease	13%	13%	14%
Maintain	47%	31%	50%
Don't know	13%	25%	21%
Total	100%	100%	100%
Net buyers/sellers	13%	19%	0%

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).

Fewer buyers. Sellers appear on the radar (last two months no sellers)

Exhibit 29: South African bonds

Steady overweight; fewer net buyers as sellers appear

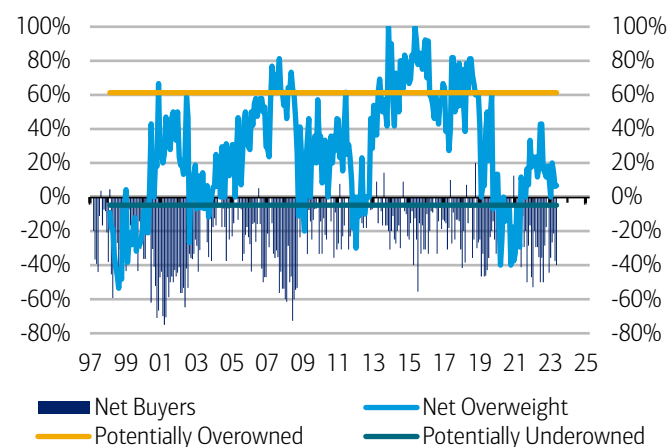
	Mar	Feb	Jan
Q1. Is your bond position OW, UW or neutral relative to internal benchmarks?			
Overweight	47%	38%	36%
Underweight	33%	25%	21%
Neutral	7%	25%	21%
Don't know	13%	13%	21%
Total	100%	100%	100%
Net overweight/underweight	13%	13%	14%
Q2. Do you intend to increase, decrease or maintain that weighting for the next three months?			
Increase	27%	25%	14%
Decrease	20%	0%	0%
Maintain	27%	50%	50%
Don't know	27%	25%	36%
Total	100%	100%	100%
Net buyers/sellers	7%	25%	14%

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

Managers light net overweight: a tussle on the view. Firm investors of cash. No manager wants to raise cash

Exhibit 31: South Africa cash

Light overweight. Want to invest cash

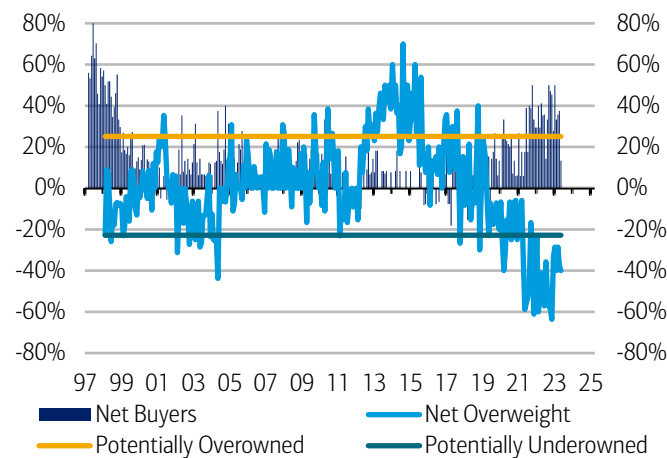
	Mar	Feb	Jan
Q1. Is your cash position OW, UW or neutral relative to internal benchmarks?			
Overweight	33%	44%	36%
Underweight	27%	38%	21%
Neutral	33%	19%	36%
Don't know	7%	0%	7%
Total	100%	100%	100%
Net overweight/underweight	7%	6%	14%
Q2. Do you intend to increase, decrease or maintain that weighting over the next three months?			
Increase	0%	6%	7%
Decrease	40%	44%	29%
Maintain	40%	31%	36%
Don't know	20%	19%	29%
Total	100%	100%	100%
Net buyers/sellers	-40%	-38%	-21%

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:

Managers remain underweight. Strong buying intentions +3Ms fade. Scope to ultimately invest offshore c. 9% (target likely c.42% of AUM)

Exhibit 33: Overseas investment

Underweight: steady and fewer buyers (47Ms in a row)

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

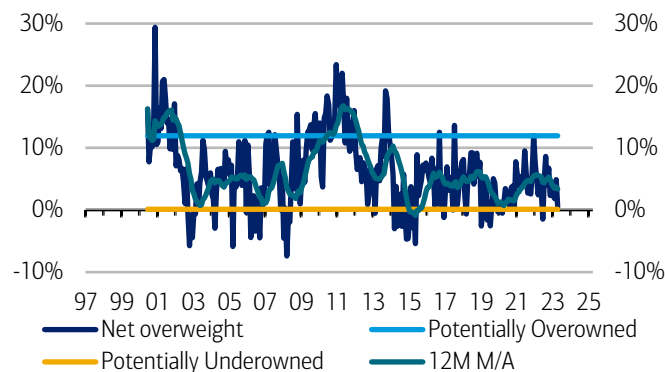
Source: BofA Global Research, South Africa Fund Manager Survey

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Sector allocation

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

Underweight



Source: BofA Global Research, South Africa Fund Manager Survey

BofA GLOBAL RESEARCH

Chemicals:

Managers move underweight (#3 ranked UW by manager, by sector). Positioning is low relative to history

Exhibit 35: Chemicals

Positioning falls – a trend

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

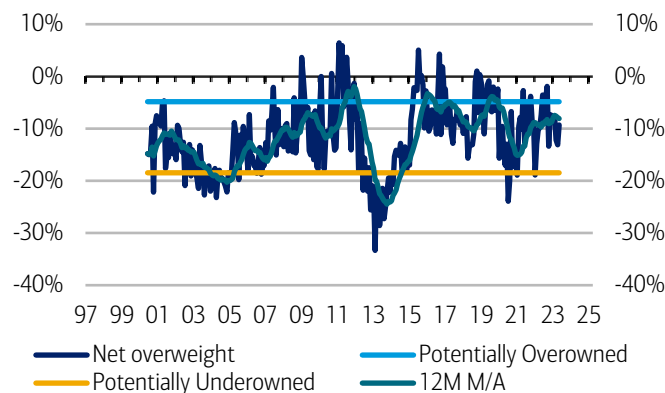
Overweight	2%	4%	7%
Underweight	9%	3%	2%
Net overweight/underweight	-7%	0%	5%

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

BofA GLOBAL RESEARCH

Gold:

Fewer managers underweight (#2 ranked UW by sector)

Exhibit 37: Gold Mining

Less out of favour

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

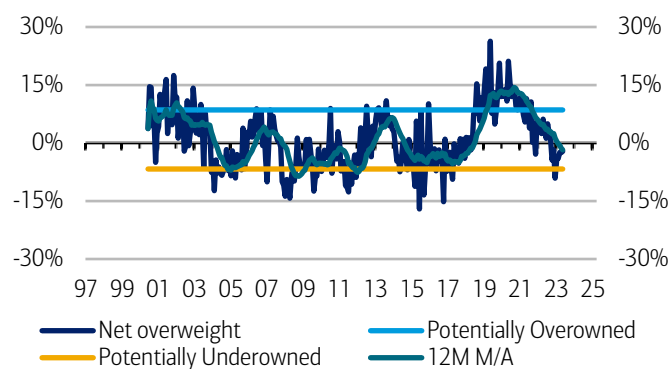
Overweight	0%	4%	2%
Underweight	9%	17%	15%
Net overweight/underweight	-9%	-13%	-12%

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



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Platinum:

Managers remain underweight. Tussle on the outlook remains

Exhibit 39: Platinum

Steady underweight

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

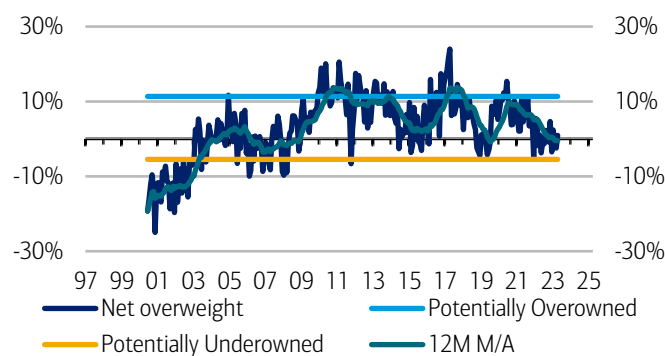
	Mar	Feb	Jan
Overweight	7%	8%	10%
Underweight	9%	10%	12%
Net overweight/underweight	-2%	-2%	-2%

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



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Metals & mining:

Managers remain 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

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

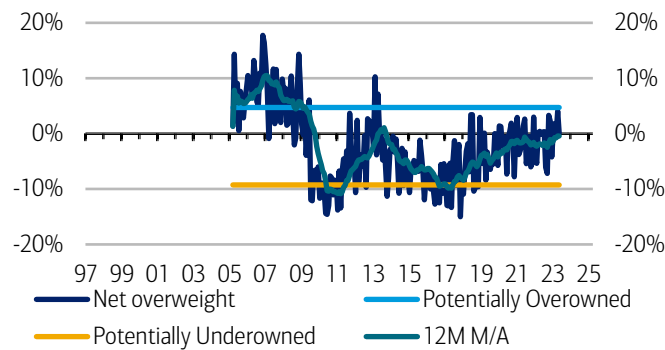
	Mar	Feb	Jan
Overweight	7%	8%	7%
Underweight	5%	7%	10%
Net overweight/underweight	2%	1%	-2%

Source: BofA Global Research, South Africa Fund Manager Survey

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

Neutral



Source: BofA Global Research, South Africa Fund Manager Survey

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

Managers back to neutral again from overweight

Exhibit 43: 'Heavy' Industrials

The tussle on positioning returns

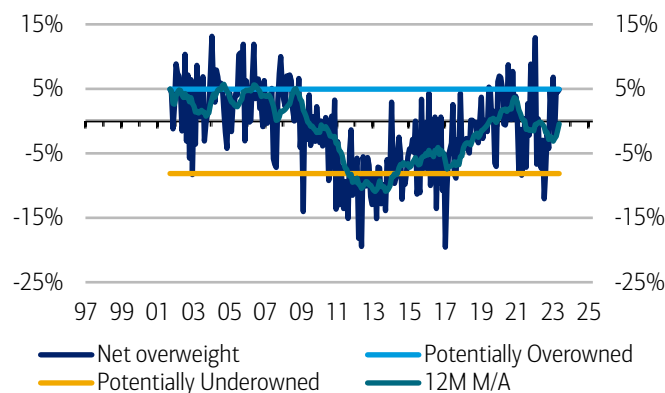
	Mar	Feb	Jan
Q1. Are you OW or UW heavy' industrials relative to internal benchmarks			
Overweight	2%	6%	5%
Underweight	2%	2%	5%
Net overweight/underweight	0%	4%	0%

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 (Joint #4 OW ranked by sector).
Elevated versus history

Exhibit 45: Retailers & Food Producers

Managers steady overweight

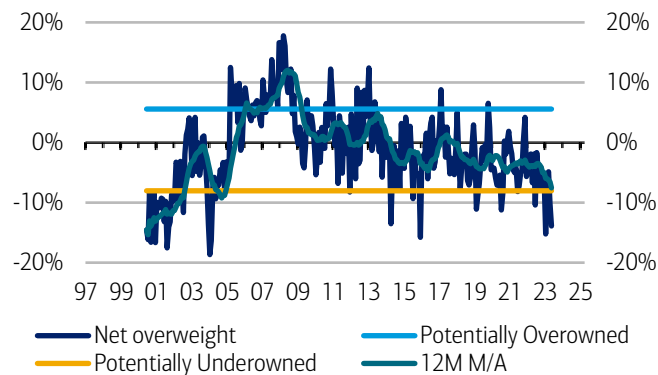
	Mar	Feb	Jan
Q1. Are you OW or UW retail/food producers relative to internal benchmarks?			
Overweight	10%	10%	10%
Underweight	5%	5%	5%
Net overweight/underweight	5%	5%	5%

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 (#1 UW ranked by sector; #3 last month)

Exhibit 47: Telecommunications

Positioning worsening and very low relative to history

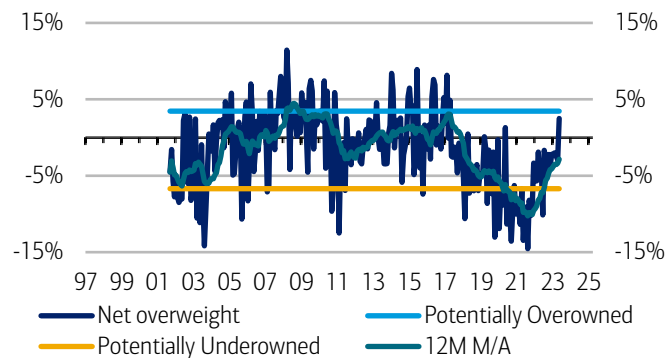
	Mar	Feb	Jan
Q1. Are you OW or UW telecommunications relative to internal benchmarks?			
Overweight	2%	0%	5%
Underweight	16%	10%	10%
Net overweight/underweight	-14%	-10%	-5%

Source: BofA Global Research, South Africa Fund Manager Survey

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

Overweight



Source: BofA Global Research, South Africa Fund Manager Survey

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Personal goods:

Managers move overweight

Exhibit 49: Personal Goods

Elevated positioning

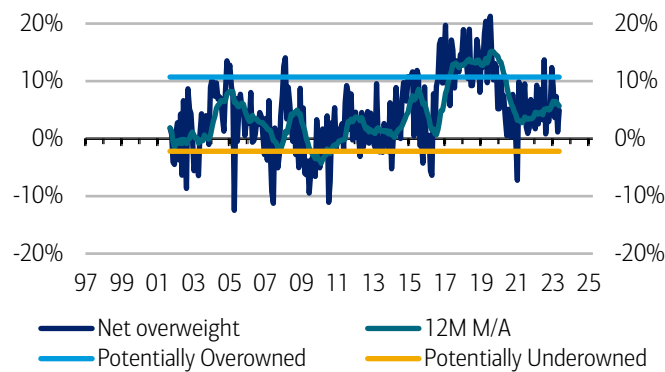
	Mar	Feb	Jan
Q1. Are you OW or UW personal goods relative to internal benchmarks?			
Overweight	7%	4%	2%
Underweight	5%	7%	5%
Net overweight/underweight	2%	-3%	-2%

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:

More managers overweight: a tussle on the views last month (#3 OW ranked by sector)

Exhibit 51: Beverages & Tobacco

Choppy positioning

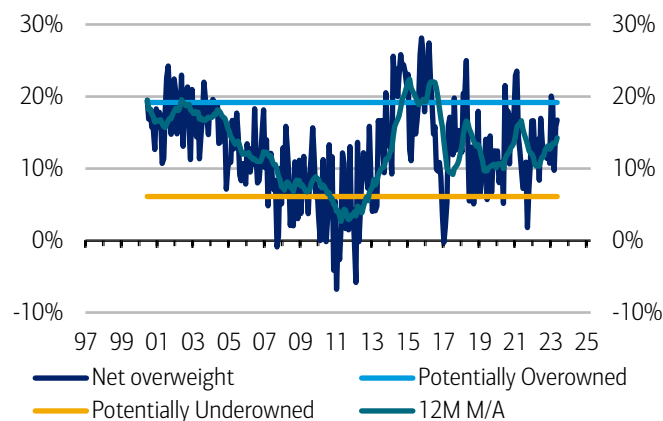
	Mar	Feb	Jan
Q1. Are you OW or UW beverages & tobacco relative to internal benchmarks?			
Overweight	12%	10%	12%
Underweight	7%	8%	5%
Net overweight/underweight	5%	1%	7%

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:

Managers steady overweight this month (defensive): still #1 OW ranked by sector

Exhibit 53: Banks and IBK & Brokerages

Strong positioning

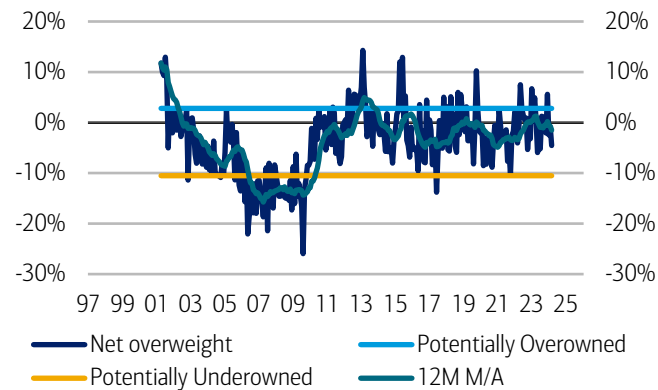
	Mar	Feb	Jan
Q1. Are you OW or UW banks and general financials relative to internal benchmarks?			
Overweight	19%	19%	15%
Underweight	2%	3%	5%
Net overweight/underweight	17%	16%	10%

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:

More managers underweight, after a tussle on views last month

Exhibit 55: Life Insurance

View sours

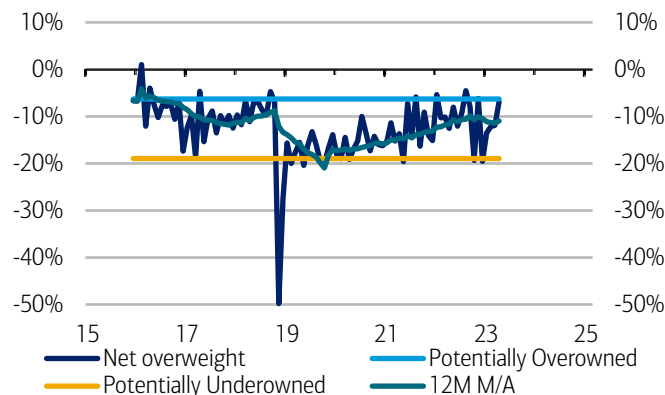
	Mar	Feb	Jan
Q1. Are you OW or UW life insurance relative to internal benchmarks?			
Overweight	5%	6%	2%
Underweight	9%	7%	5%
Net overweight/underweight	-5%	-1%	-2%

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 less underweight, #4 (#2) UW ranked by sector. Some managers move overweight (no manager was overweight last month)

Exhibit 57: Real Estate

Fewer underweight. Back to pre-Covid levels

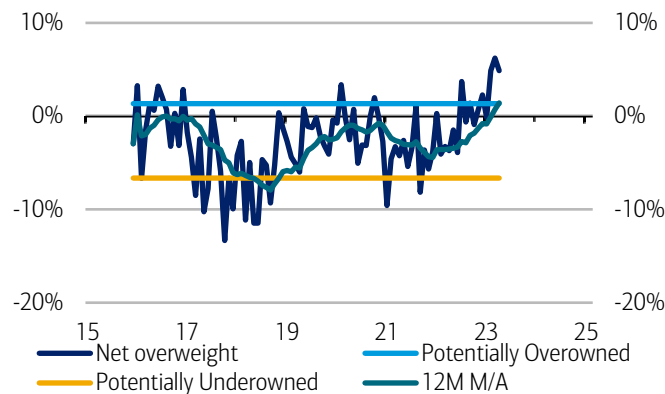
	Mar	Feb	Jan
Q1. Are you OW or UW real estate relative to internal benchmarks?			
Overweight	5%	0%	2%
Underweight	12%	12%	15%
Net overweight/underweight	-7%	-12%	-12%

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, off a record survey overweight last month (Joint #4 OW ranked by sector)

Exhibit 59 Software

Global tech sentiment positive and value unlock proposition

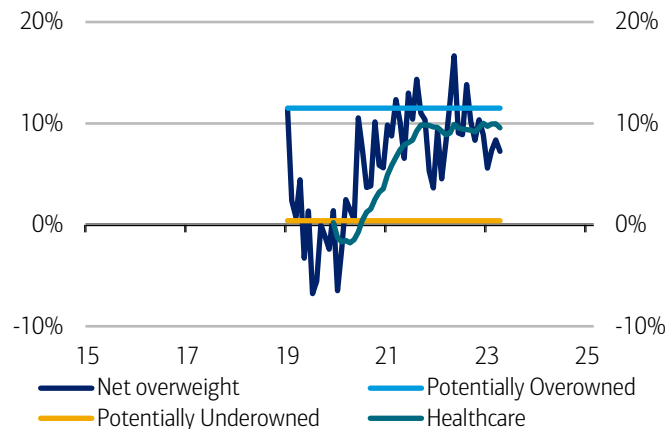
	Mar	Feb	Jan
Q1. Are you OW or UW software relative to internal benchmarks?			
Overweight	10%	10%	10%
Underweight	5%	3%	5%
Net overweight/underweight	5%	6%	5%

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

Steady overweight by managers (#2 OW ranked by sector)

Exhibit 61: Healthcare

Steady positioning

	Mar	Feb	Jan
Q1. Are you OW or UW software relative to internal benchmarks?			
Overweight	12%	13%	10%
Underweight	5%	5%	2%
Net overweight/underweight	7%	8%	7%

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, banks, industrials, telecom, retailers, software

Sector	Favoured	Least Favoured	Net Bulls		
	Mar	Mar	Mar	Feb	Jan
Resources	10.3	33.3	-23.1	-22.2	-24.2
Financials	25.6	20.5	5.1	8.9	6.1
Industrials	64.1	46.2	17.9	13.3	18.2
Gold	0.0	7.7	-7.7	-13.3	-18.2
Platinum	5.1	10.3	-5.1	-4.4	0.0
Metals & mining	5.1	7.7	-2.6	2.2	0.0
Chemicals	0.0	7.7	-7.7	-6.7	-6.1
Banks	20.5	0.0	20.5	17.8	15.1
Life insurance	2.6	10.3	-7.7	-4.4	0.0
IBK, Brokers	0.0	2.6	-2.6	0.0	0.0
Real estate	2.6	7.7	-5.1	-4.4	-9.1
Beverages	0.0	7.7	-7.7	-4.4	-3.0
General industrials	2.6	0.0	2.6	4.4	9.1
Personal goods	5.1	2.6	2.6	0.0	-3.0
Food producers	7.7	2.6	5.1	8.9	9.1
Retailers	12.8	2.6	10.3	6.7	6.1
Software	10.3	0.0	10.3	4.4	6.1
Tobacco	7.7	5.1	2.6	-4.4	3.0
Transportation	0.0	0.0	0.0	0.0	0.0
Care, drug, grocery	5.1	5.1	0.0	-2.2	-3.0
Telecoms	2.6	17.9	-15.4	-6.7	-12.1
Healthcare	10.3	2.6	7.7	6.7	6.1
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. Industrials gain over Financials

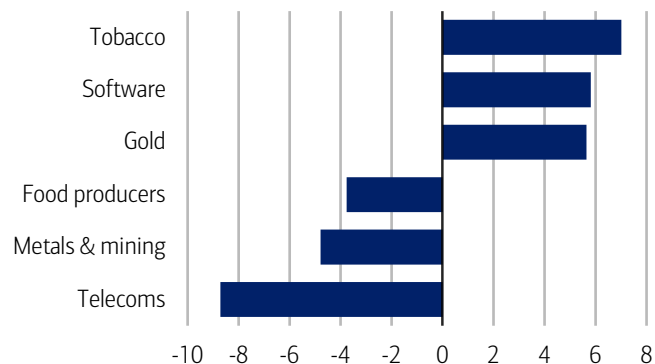
Within resources, gold is least preferred (gaining ground) with chemicals. A very bearish resource tone again this month (resource index finding a bottom)

Within financials, banks are #1 preferred. Life insurance losing ground

In the industrial sector, (apparel) retailers, software and healthcare are preferred. Telecoms are still the least favoured (losing more ground – a survey record low), followed by beverages

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

ZAR hedges gain ground



Source: BofA Global Research, South Africa Fund Manager Survey

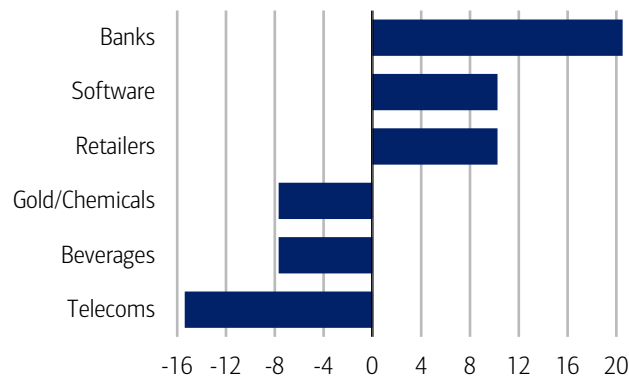
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Extreme scores are sometimes contrarian relative to the All-Share on a three-month view

On +12Ms, more defensive and risk averse. Gold over metals & mining

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

Banks #1



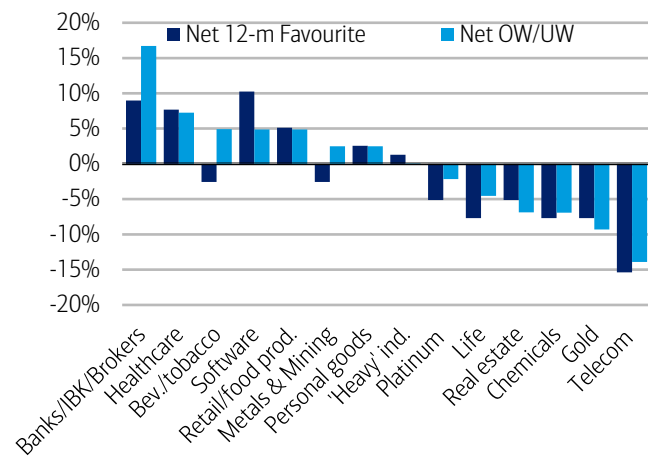
Source: BofA Global Research, South Africa Fund Manager Survey

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Rate-sensitives in favour

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

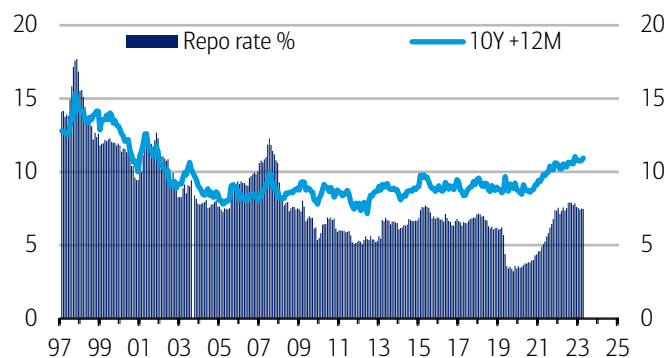
Based on various **broad measures** (average of 'net 12M favourite' and 'net OW/UW') banks are most **preferred**.Telecom is **least preferred**Gold, personal goods and beverages & tobacco experienced the largest **positive gains**; telecoms, chemicals and life insurance, the **largest falls**

Conviction is low across sectors, except for banks and telecoms

Economic outlook: 12-month view

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

Forecast gap widens



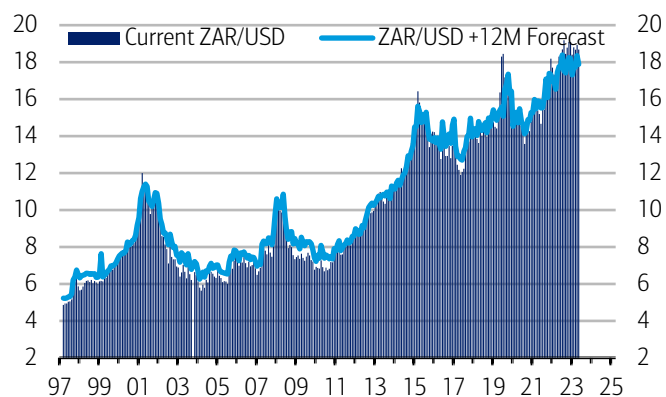
Source: BofA Global Research, South Africa Fund Manager Survey

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Managers' repo forecast over the next 12 months eases to 7.46% (7.50%). The R2035 bond yield forecast moved higher again to 10.93% (10.77%)

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

ZAR forecast change in Mar +2.6% (Feb -3.4%)



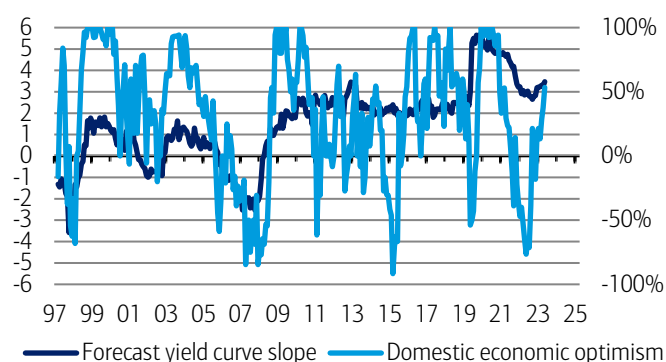
Source: BofA Global Research, South Africa Fund Manager Survey

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The 12-month rand forecast firmed to ZAR17.88/US\$ (ZAR18.35/US\$)

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

Yield curve forecast rises; growth expectations improve



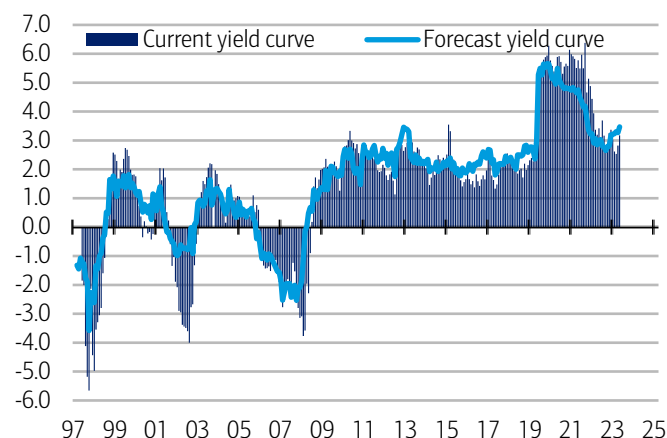
Source: BofA Global Research, South Africa Fund Manager Survey

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Economic optimism more positive. +12M yield curve forecast rises 20bps (10Y yield +16bps; repo -4bps). South Africa, 'we still have a major problem': US & China slowing 2024, a firm dollar, low growth, loadshedding, weak logistic infrastructure and a rising debt path into the future. We need a weaker dollar and more growth in S. Africa

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

Forecast slope rises 20bps to 347bps steep (actual 318bps: +36bps)



Source: BofA Global Research, South Africa Fund Manager Survey

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Forecast yield curve slope rises again, after a long unwind from 565bps steep in July 2020. S. Africa fiscal dominance headwinds remain in play

Exhibit 70: South African macroeconomic forecasts

10Y yield forecast higher; ZAR firmer

	12-month forecast		
	Mar	Feb	Jan
Repo rate (%)	7.46	7.50	7.42
10-year benchmark bond yield (%)	10.93	10.77	10.73
Rand/US dollar	17.88	18.35	17.73

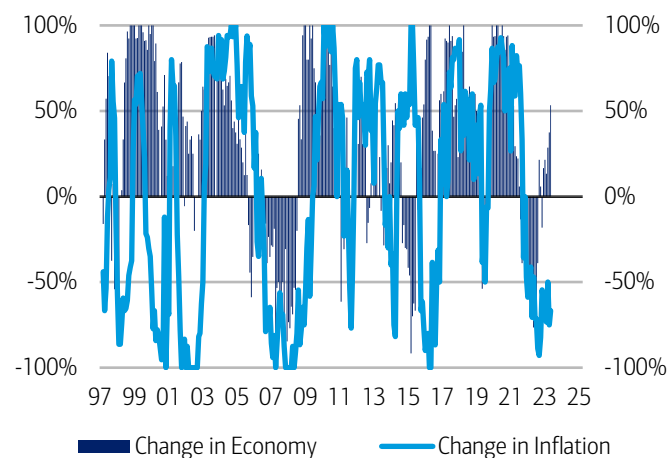
Source: BofA Global Research, South Africa Fund Manager Survey

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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. Less positive on lower inflation



Source: BofA Global Research, South Africa Fund Manager Survey

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

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

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

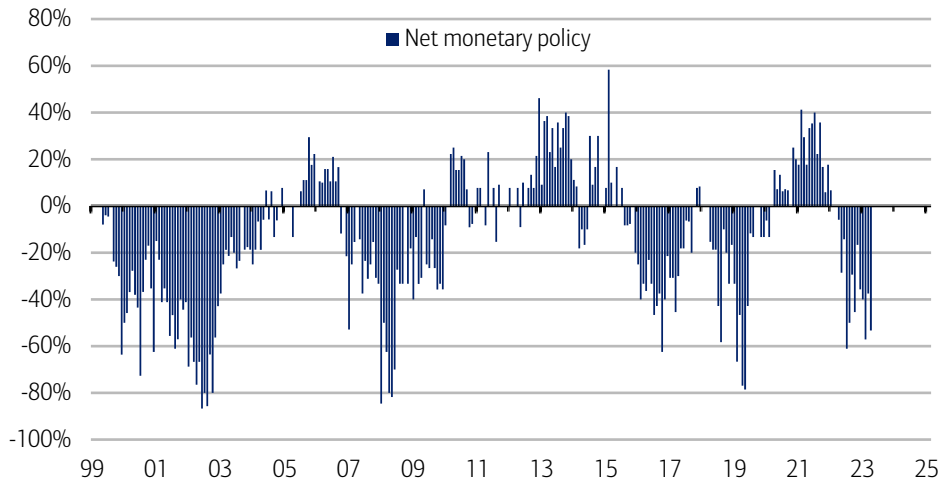
	Mar	Feb	Jan
Q1. How do you think the economy will develop over the next 12 months?			
Get a lot stronger	0%	6%	0%
Get a little stronger	67%	44%	50%
Stay the same	20%	38%	29%
Get a little weaker	13%	13%	21%
Get a lot weaker	0%	0%	0%
Don't know	0%	0%	0%
Total	100%	100%	100%
Net stronger/weaker	53%	38%	29%
Q2. How do you think the core inflation rate will change in the next 12 months?			
A lot higher	0%	0%	0%
Slightly higher	7%	6%	7%
Unchanged	20%	13%	36%
Slightly lower	73%	81%	57%
A lot lower	0%	0%	0%
Don't know	0%	0%	0%
Total	100%	100%	100%
Net higher/lower	-67%	-75%	-50%

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 'too restrictive' from 'about right' last month



Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 74: Monetary policy (stimulative minus restrictive)

Consensus 'too restrictive'

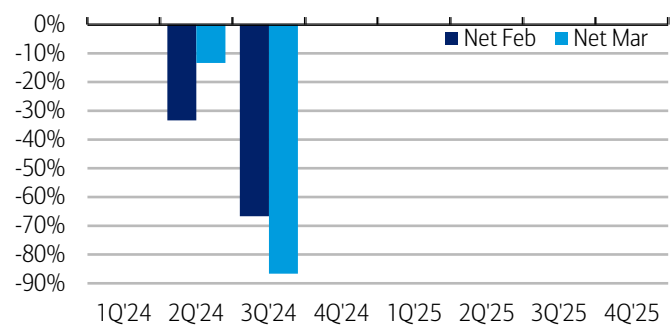
	Mar	Feb	Jan
Do you think South Africa's monetary policy is currently...?			
Too stimulative	0%	0%	0%
About right	40%	63%	36%
Too restrictive	53%	38%	57%
Don't know	7%	0%	7%
Total	100%	100%	100%
Net stimulative/restrictive	-53%	-38%	-57%

Source: BofA Global Research, South Africa Fund Manager Survey

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Exhibit 75: Net interest rate expectations compared to last month

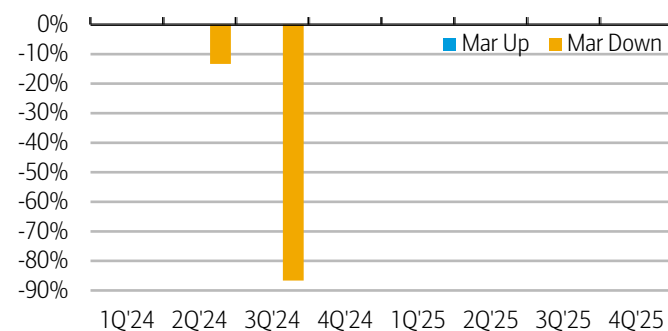
March net down -100% (Feb net down -100%)



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?

87% (67%) 'Down' responses in Q3 '24

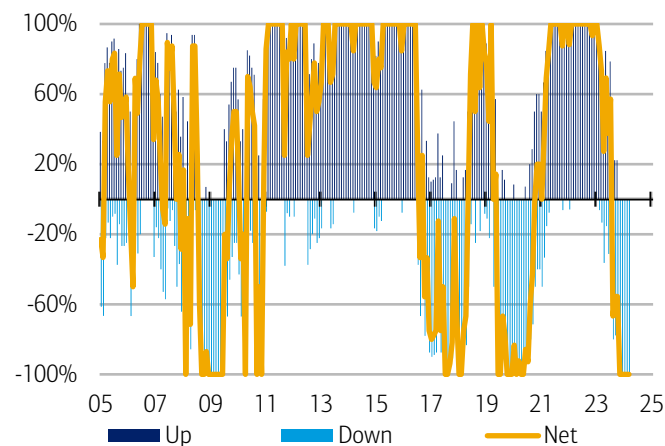


Source: BofA Global Research, South Africa Fund Manager Survey. Note: percentages based on only those managers who expect a rate move over the forecast period

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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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All managers surveyed (93% last month) expect the next repo rate move to be a cut (consensus in Q3 2024 – same as last month)

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

Down

	Mar	Feb	Jan
Up	0%	0%	0%
Down	100%	93%	93%
Flat	0%	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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