



Sanlam Investment Management

Investor Confidence Index: November 2008

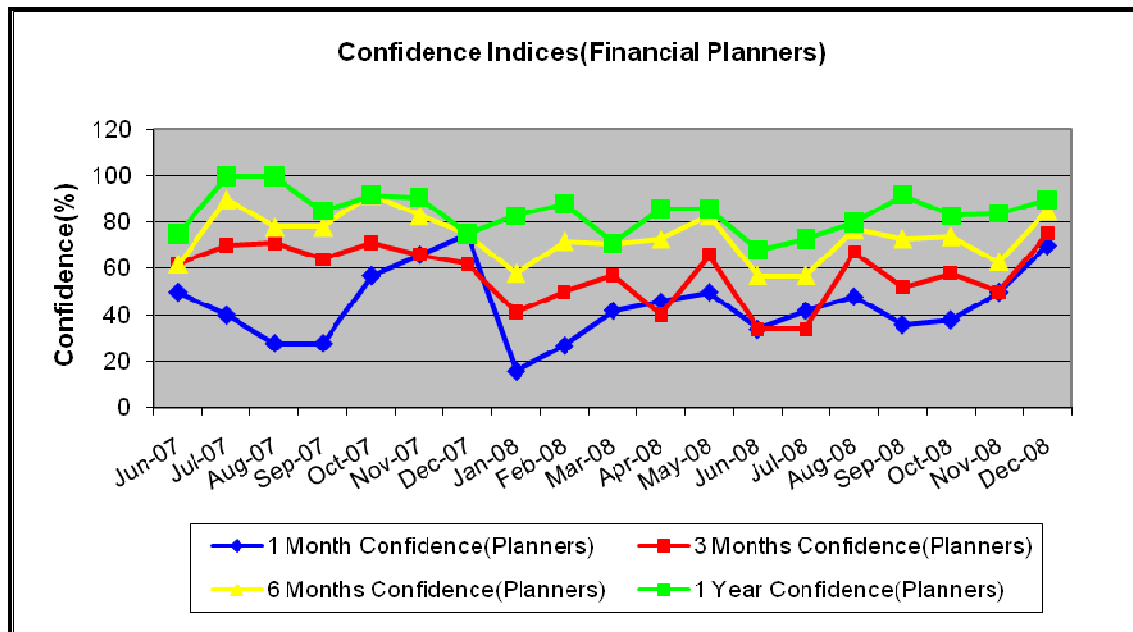
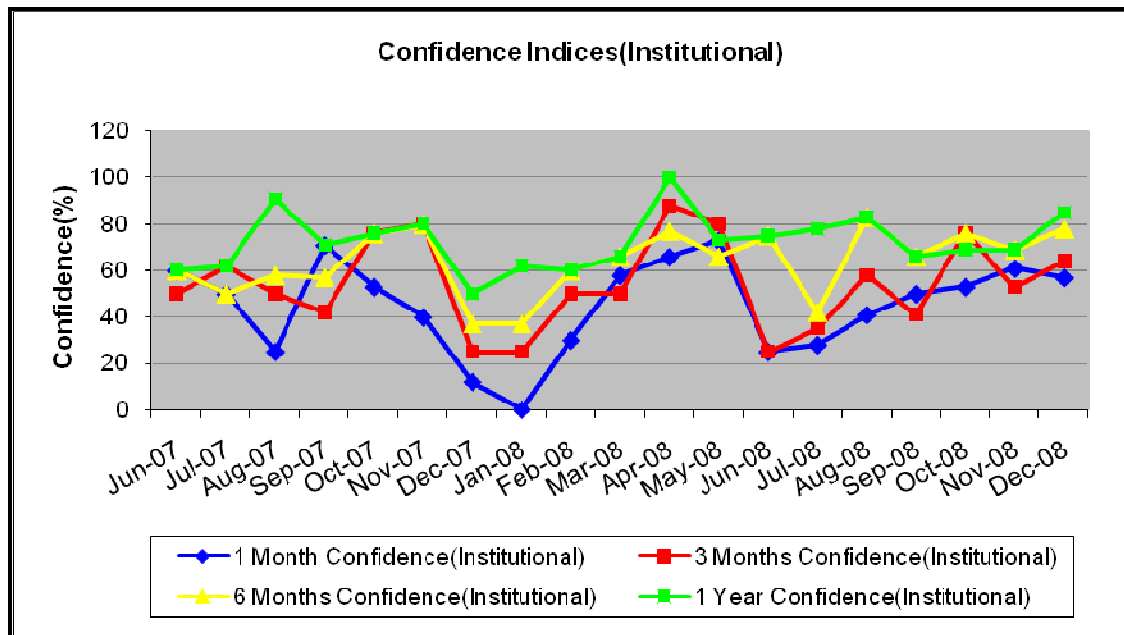
Introduction

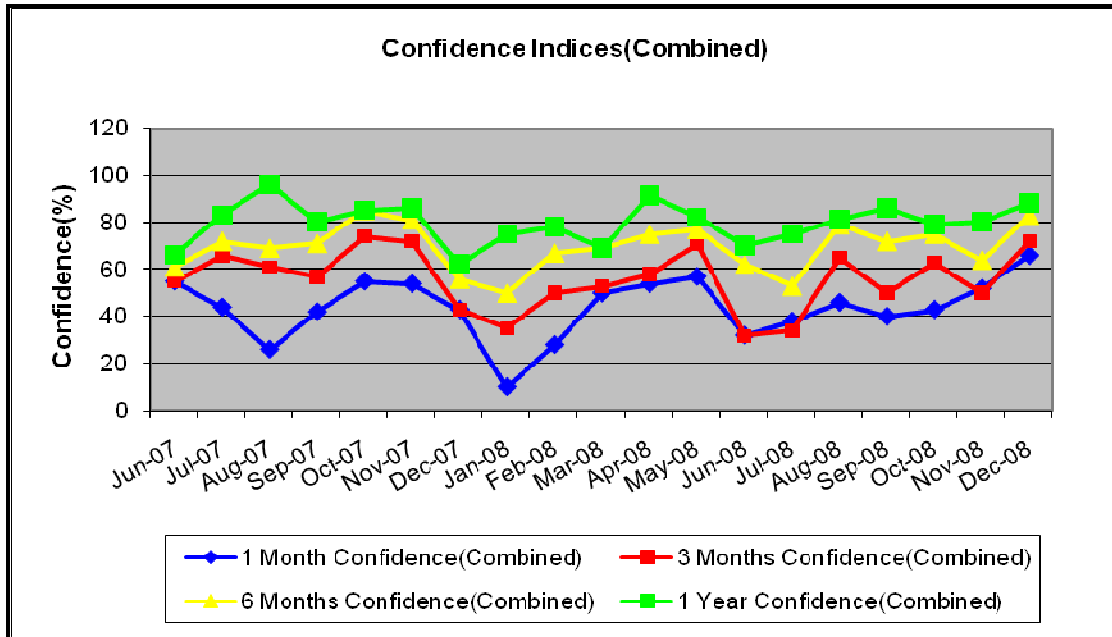
Although the JSE All Share is approximately 30% down compared to the corresponding period in December 2007 when the survey was done, the overall confidence of South African investors based on the different indices are 28% up compared to the same time last year.

This time last year saw the institutional investors' confidence at its lowest across all the indices as most people were to start the December 2007 holidays. They were not far off the mark as the world went through some of its most volatile periods during 2008. However, despite greater investor confidence this December, institutional investors forecasts based on expected equity returns are still very low and conservative. This could be an indication of the uncertainty about economic and company earnings forecasts. Institutional investors expect the market to be 1.1 percent higher in 3 months time, 4.4 percent in 6 months and 6.5% in 12 months time. This time last year saw this group forecasting a 0% return over a 12 month period.

Since the last survey in November, financial planners are much more optimistic about expected returns from the equity markets, whereas in the past their expectancy was much closer to that of the institutional investors. This group expect the equity market to be 7.4% higher in 6 months and 12.8% higher in 12 months time. Generally financial planners are more overconfident and optimistic than institutional investors. However, many financial planners reckon that it would not be difficult for the JSE All Share to go back to 25 000 points from its current low of 21 500.

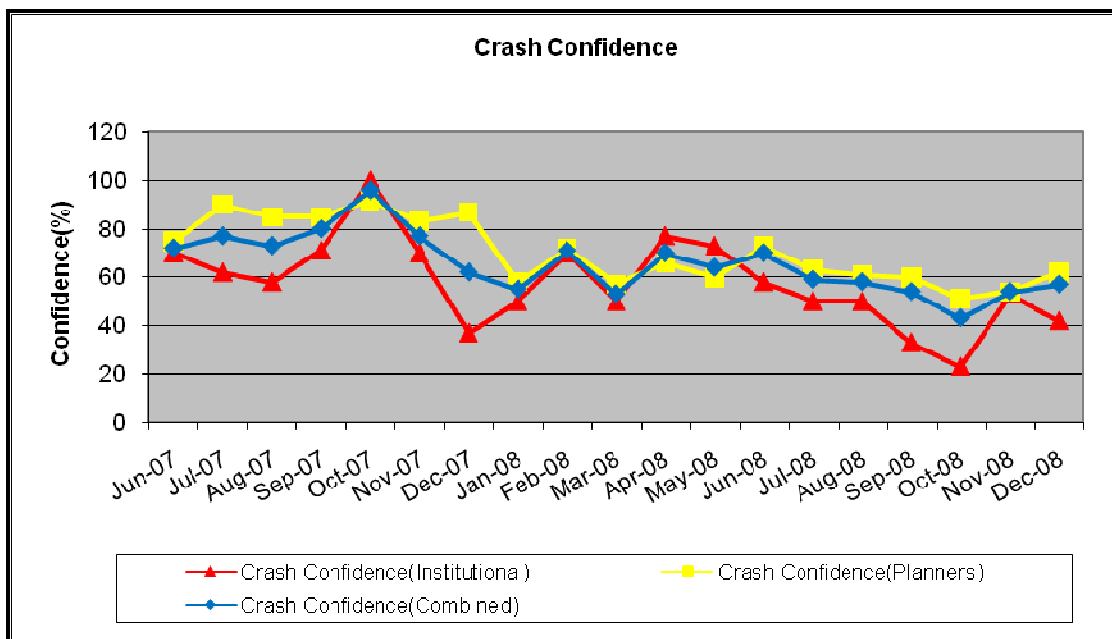
Confidence Indices





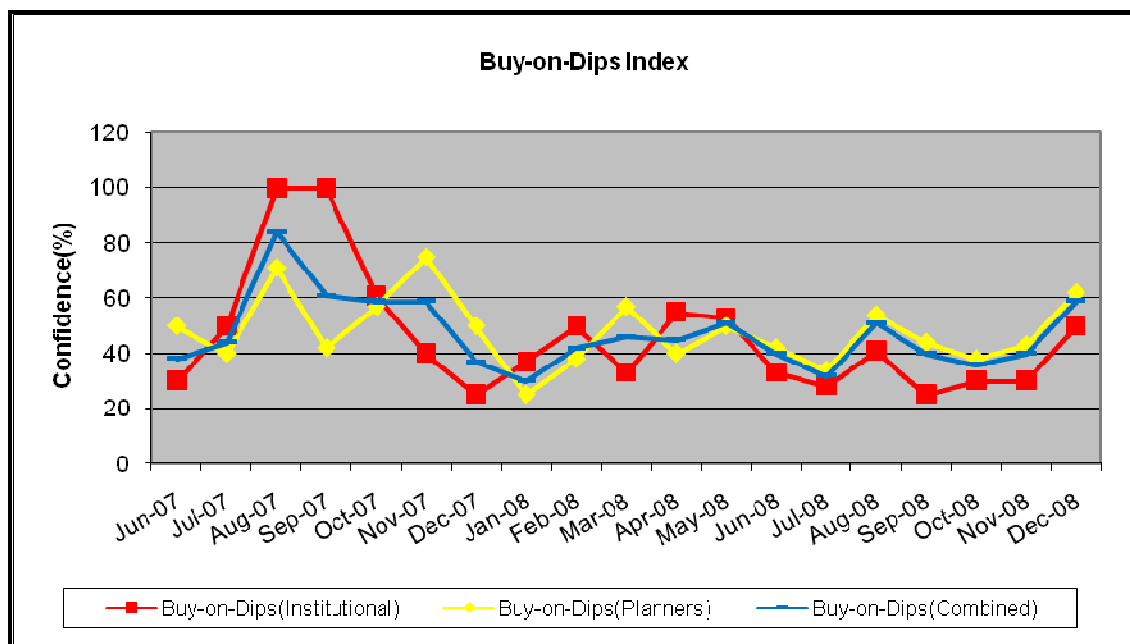
The confidence index shows the percentage of respondents that expects the JSE All-Share Index to end positive over the next 1, 3, 6 and 12 months.

Crash Confidence Index



The crash confidence index is the percentage of respondents who think that the **probability of a stock market crash is less than 10%**. Therefore shows the percentage of respondents who attach little probability to a stock market crash in the next 6 months.

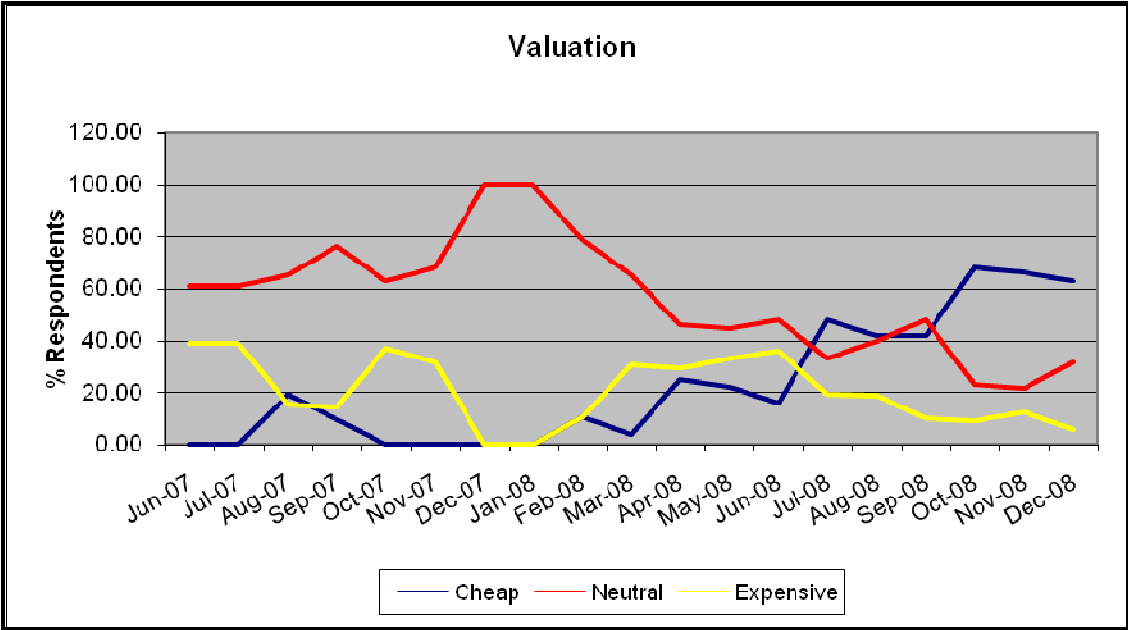
Buy-on-Dips Confidence Index



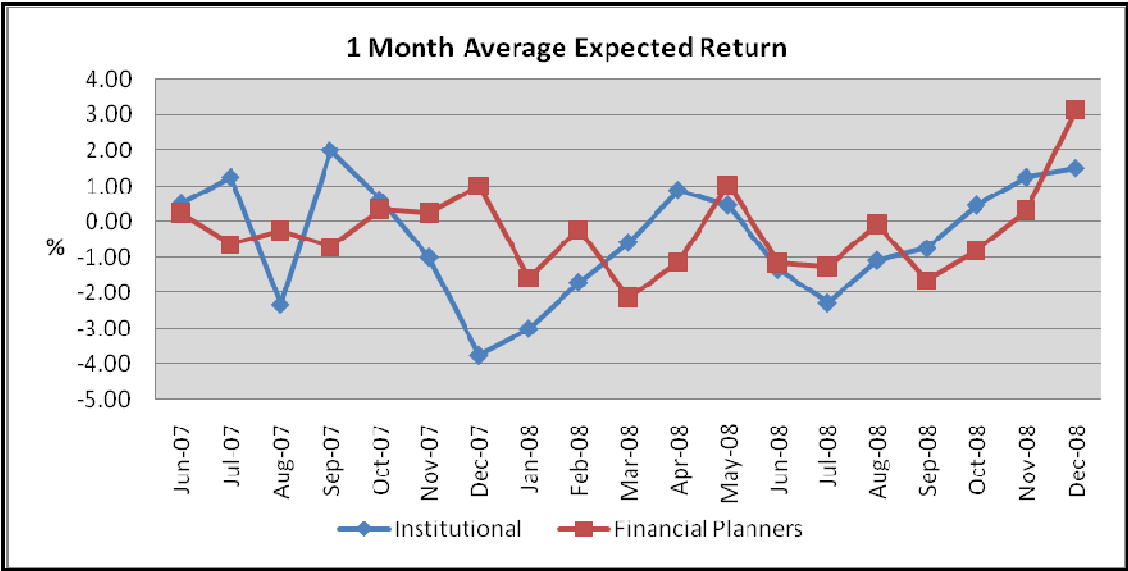
The Buy-on Dips Index is the number of respondents that **choose an increase** as a percentage of the total number of respondents. The index therefore shows the percentage of the respondents expecting a rebound the following day should the market drop by 3% in one day.

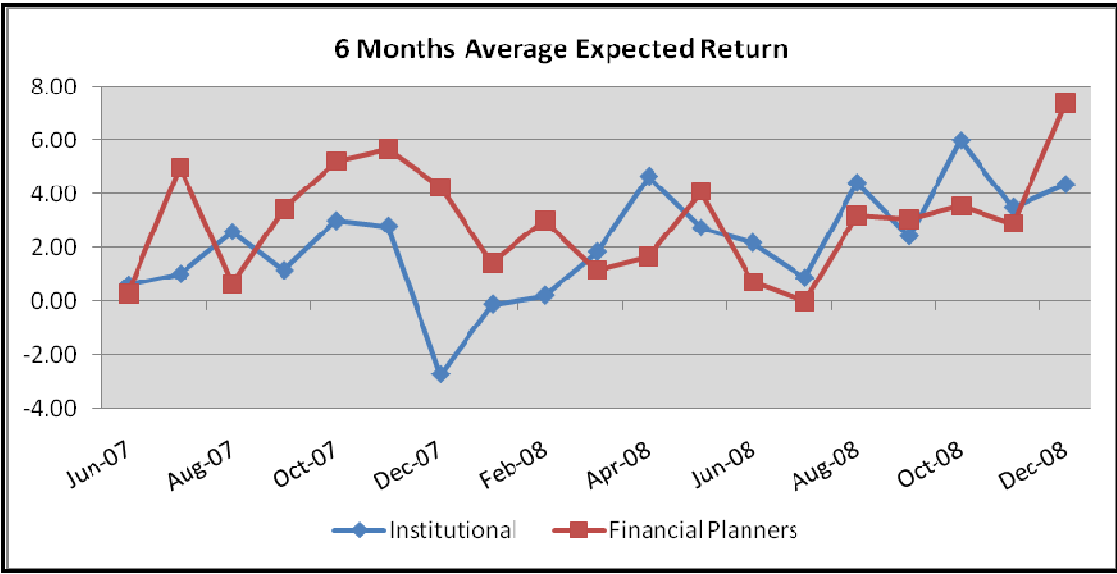
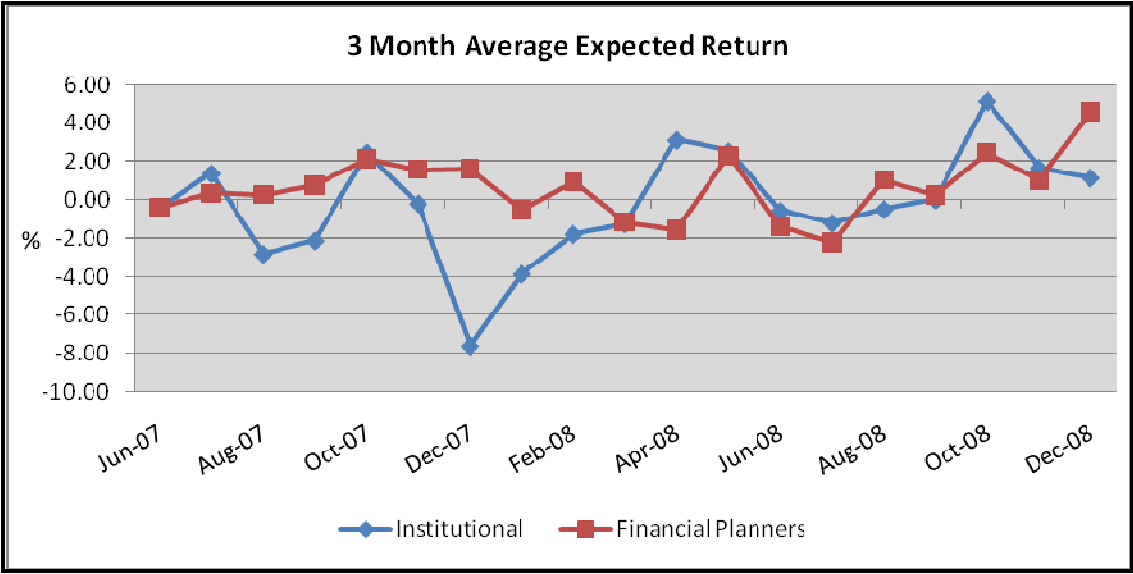
Valuation Confidence Index

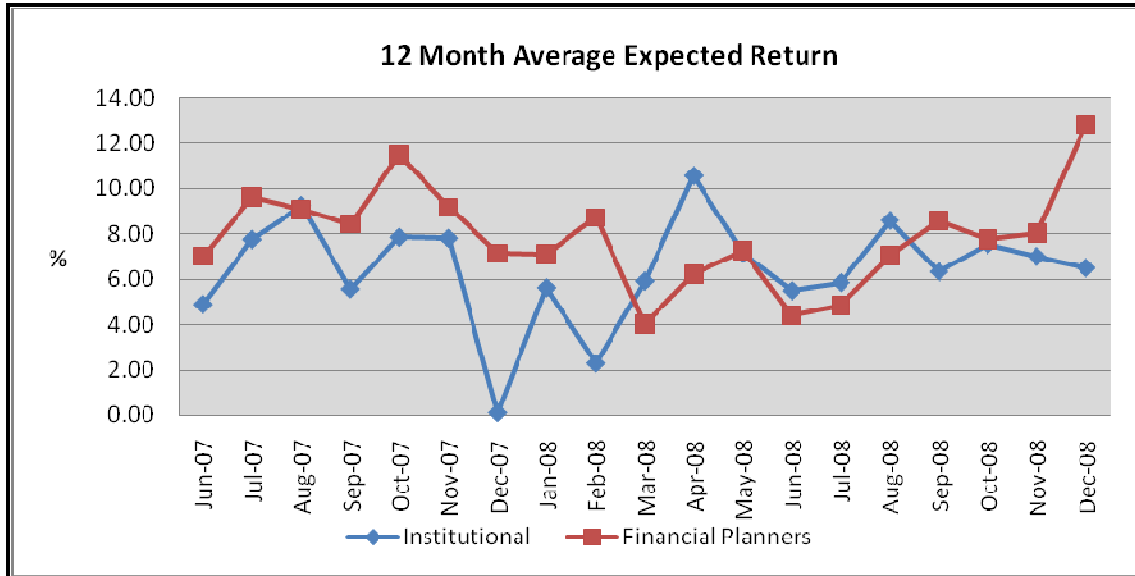
The valuation index is the number of respondents who **choose too low or just right** as a percentage of the total number of respondents. It therefore reflects the number of respondents who think that the market is not too high.



Expected Returns







Thank you

To all our **respondents** who complete the questionnaire each month.

The Institute of Behavioral Finance would like to **wish all our friends, participants to the monthly SIM ICI survey and clients a very happy and joyous festive season.**

Thank you for your support throughout 2008, and we hope that we can continue our relationship and be of service to you in 2009 and beyond.

